Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

VOL. IV, No. 4
April 1940

Foreign Agriculture

. . . . . a Review of Foreign Farm Policy, Production, and Trade

U. S. DEPARTMENT OF AGRICULTURE
LIBRARY
NOV 1[illegible] 1953
BELTSVILLE BRANCH

Issued Monthly by
UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON, D.C.

CONTENTS

Page

- WARTIME AGRICULTURAL AND FOOD CONTROL IN GERMANY . . . 181
  - Control of domestic agricultural marketing and imports . . . 182
    - Organization . . . 183
    - Production and marketing . . . 185
    - Price control . . . 186
    - Import control . . . 186
  - Food consumption control . . . 187
    - World War rationing experience . . . 187
    - Present rationing system . . . 189
    - Adequacy of present rations . . . 193
  - Food requirements and supply sources . . . 196
    - Food requirements, by major product . . . 196
    - Domestic food production . . . 199
    - Food imports . . . 201
    - Blockade . . . 203
  - Fiber and leaf tobacco requirements . . . 205
    - Textile raw materials . . . 205
    - Leaf tobacco . . . 107
  - Food production in wartime . . . 209
    - World War experience . . . 209
    - Present farm-production program . . . 211
    - Labor supply . . . 212
    - Fertilizer . . . 214
    - Farming efficiency . . . 215
    - Production outlook . . . 217

- TURKISH AGRICULTURE – CHANGING AGRO-ECONOMIC POLICY . . . 221
  - Agricultural production . . . 221
    - Physical characteristics of the country . . . 221
    - Importance of agriculture . . . 223
    - Wheat . . . 226
    - Tobacco . . . 228
    - Cotton . . . 232
    - Filberts . . . 233
    - Raisins . . . 235
    - Figs . . . 236
    - Olive oil . . . 237
    - Angora goats . . . 238
    - Other livestock . . . 238
  - Foreign trade in agricultural products . . . 241
    - Principal exports . . . 241
    - Principal markets . . . 247
    - Principal agricultural imports . . . 252
  - Foreign economic policy . . . 253
    - Background . . . 253
    - Clearing and compensation agreements . . . 254
    - German penetration and Turkish apprehension . . . 258
    - Change in Turkish foreign policy . . . 259
    - Foreign economic policy since September 1939 . . . 261
    - Turkish-American trade relations . . . 269
  - Summary and conclusion . . . 271

WARTIME AGRICULTURAL AND FOOD CONTROL IN GERMANY . . . . .

By Harry L. Franklin*

German agriculture has been organized on a corporative (totalitarian) basis since the autumn of 1933, a few months after the National Socialists came to power. Under this system of regimentation, the prices and marketing of virtually all agricultural products are strictly controlled by the Reich Food Estate, with heavy penalties for infractions of the control regulations. All imports of agricultural products have been controlled under the "military economy" prevailing in Germany since 1934. Consequently, the present war has occasioned few changes in the German agricultural and food-control set-up, aside from those necessitated by the introduction of formal rationing. No serious difficulties in Germany's food supply are anticipated during the first year of the present war; but thereafter they are likely to assume increasing importance as the conflict continues, and especially so as the cumulative effect of the Allied blockade makes itself felt on Germany's foreign trade.

Domestic production covers approximately 82 percent of Germany's total food requirements, or only slightly more than before the World War (80 percent for 1909-1913).[1] In several foodstuff items, Germany is completely or nearly self-sufficient, such as sugar, potatoes, bread grains (rye and wheat), milk for drinking, certain "coarse" vegetables (cabbage and carrots), plums, and cherries. In others, the domestic output is insufficient, such as for meats (deducting for imported feedstuffs), eggs, certain fruits and vegetables, and above all, edible fats and oils. The "fat gap" is the most serious food problem confronting Germany, inasmuch as nearly one-half of total normal requirements must be imported.[2]

In regard to Germany's food-control experience during the World War, bread control was introduced early in 1915, and in the course of 1916 a fairly comprehensive system of food rationing came into operation. Although maximum prices were established, there was widespread illicit trading *(Schleichhandel)* at exorbitant prices as shortages developed. At the same time, a heavy drop in domestic farm output occurred. As the Allied blockade against Germany became more and more effective, rations were so greatly curtailed that a large proportion of the population was reduced to semistarvation; this was one of the major factors in the collapse of the "home front" and Germany's loss of the war.

---

* Senior Agricultural Economist, Office of Foreign Agricultural Relations.

[1] Decken, H. v. d., Institut für Konjunkturforschung, in *Entwicklung der Selbstversorgung Deutschlands mit landwirtschaftlichen Erzeugnissen*, the leading statistical study on this subject, Berlin, 1938, 155 pp. Total food requirements for 1909-1913 and for 1938 are not on a strictly comparable basis, however, as explained on page 199 hereof.

[2] Brandt, Karl, *The German Fat Plan and Its Economic Setting*, Food Research Institute, Stanford University, 1938, 344 pp.

Since the advent of the National Socialist regime in 1933 and its inauguration of a vast rearmament program, German agricultural policy has been directed toward self-sufficiency in foodstuffs,[3] coupled with the accumulation during the past year or so of reserve stocks of certain items for war emergency, particularly of grain. The "Battle of Production" of 1934-35 placed emphasis on increased output, which was continued under the Four-Year Plan inaugurated in the fall of 1936.[4]

Under the National Socialist regime, prices of foodstuffs are strictly regulated and controlled, as is the importation of foodstuffs. In fact, a virtual "war economy" has obtained in Germany since 1934-35, with almost complete regimentation of the individual in his economic life. The regulation of consumption of certain foodstuffs, notably butter, eggs, and fats other than butter, through rationing in various forms, has occurred since the winter of 1935-36 at times of shortages. Consequently, German consumers were prepared to a large extent for the introduction of ration cards on August 27, 1939, before the actual outbreak of hostilities, although such introduction did cause some concern as to the adequacy of supplies.

Rationing of textile products - clothing and certain household textiles - has been in effect since the outbreak of the present conflict. Domestically produced fibers of farm origin account for a small proportion only of the German textile industry's total requirements, the remainder being supplied by synthetic fibers and imports of cotton, wool, and so on. Including staple and other synthetic fibers, however, it is estimated that domestic production of all kinds of fibers now cover more than 30 percent of Germany's total requirements - a development achieved under the program of self-sufficiency in food, fiber, and other industrial raw materials. In this regard, the heavy increase in production of synthetic rubber, or *buna*, to replace a large share of the crude rubber formerly imported may also be mentioned.

CONTROL OF DOMESTIC AGRICULTURAL MARKETING AND IMPORTS

German agriculture has been organized on a strictly corporative basis since the autumn of 1933, with price fixing or price control all along the line from primary producer to consumer. The individual farmer is regimented to a large extent. For instance, German farmers may market their livestock only with the Government's express permission. The appropriate Government agency specifies the time of marketing, the particular market to which the livestock must be delivered, and also fixes the price received according to a published schedule.

Basic quotas for bread grains, rye and wheat, for annual delivery are assigned some two million German grain growers; actual quantities to be delivered are announced at the end of the growing season at prices established by the Government. Similarly, quotas are assigned to flour millers and flour prices fixed according to district. This rigid domestic control program applying to German agriculture is augmented and reinforced by strict Government control of all agricultural (and other) imports.[5]

---

[3] Ziegelmayer, Wilhelm (Councillor in the German War Ministry), *Rohstoff-Fragen der deutschen Volksernährung*, Dresden and Leipzig, 1939, 3d ed. rev., 317 pp. This is a standard work on this subject.

[4] Steere, Loyd V., "German Agriculture in the Four-Year Plan." *Foreign Agriculture*, March 1937, pp. 103-118.

ORGANIZATION

The Ministry of Food and Agriculture performs the functions usually exercised by the like ministry in most countries, particularly the formulation of general agrarian policy and agricultural trade policy. On the other hand, the Reich Food Estate, a National Socialist organization, is responsible for production, marketing, price control, and all other matters involved in the actual control and regimentation of German agriculture under the corporative (totalitarian) set-up. The Minister of Food and Agriculture, Walther Darré, as Reich Peasant Leader (*Reichsbauernführer*), is also head of the Reich Food Estate.

Compulsory membership in the Reich Food Estate is required of all producers, processors, and distributors (wholesale, as well as retail) of agricultural products in Germany. Membership, however, is in part through the corporative marketing associations organized on a regional basis according to commodity or commodity group, with a central organization for each group of regional (commodity) associations, which in turn is an integral component of the Reich Food Estate. There are, for example, 20 regional grain associations, with the Central Union of the Grain Trade acting as their central organization. A similar organizational set-up applies to dairy products, eggs, livestock and livestock products, sugar beets, potatoes, and so on, for which some 10 separate central unions exist.

Not to be confused with the regional (commodity) marketing associations, are the 20 regional associations (*Landesbauernschaften*) of the Reich Food Estate proper, each with an administrative staff. These regional associations, or rather branches of the Reich Food Estate, comprise more than 500 district associations (*Bezirksbauernschaften*), which in turn are subdivided into the numerous local farm associations (*Ortsbauernschaften*). Finally, there is a "farm management" card (*Hofkarte*) for each farm, on which are entered all pertinent data regarding acreage and yields of the crops harvested, livestock numbers, farm practices of the owner or other occupier, and so on. This card must be available at all times to the local and other authorities.

The agricultural set-up under the National Socialist regime thus far described was modified and further enlarged through the decree establishing formal rationing of certain foodstuffs on August 27, 1939, 4 days before Germany invaded Poland. State, Provincial, district, and local Food Control Offices (*Ernährungsämter*) were provided for by the August 27 decree, under the jurisdiction of the Reich Minister of Food and Agriculture, and their functions were set forth in detail by another decree the following day.[6] These functions comprise the supervision and control over the

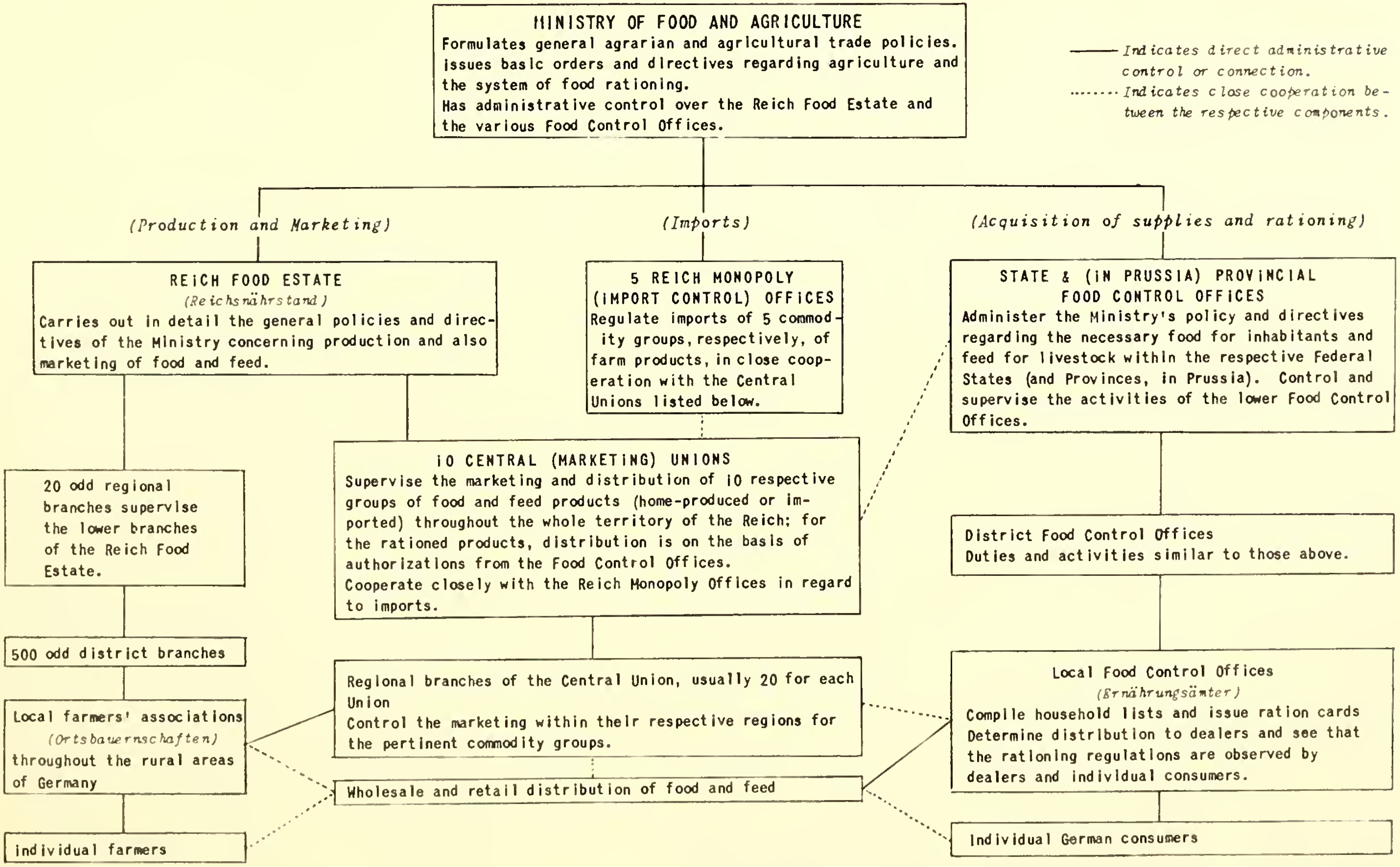
---

[5] "Foreign Agricultural Policies - A Review and Appraisal," *Foreign Agriculture*, January 1938, section on Germany, pp. 17-30.

[6] *Reichsgesetzblatt*, Part I, Nos 149 and 150, August 27 and 28, 1939. Also report from the office of the American Commercial Attaché, Berlin, Germany, entitled, "German Wartime Control of Agriculture and Its Products," dated December 20, 1939.

GERMAN WARTIME CONTROL OF FOOD AND FEED

(Preliminary as of March 1940)



MINISTRY OF FOOD AND AGRICULTURE
Formulates general agrarian and agricultural trade policies. Issues basic orders and directives regarding agriculture and the system of food rationing.
Has administrative control over the Reich Food Estate and the various Food Control Offices.

——— *Indicates direct administrative control or connection.*
······· *Indicates close cooperation between the respective components.*

(Production and Marketing)

REICH FOOD ESTATE
(Reichsnährstand)
Carries out in detail the general policies and directives of the Ministry concerning production and also marketing of food and feed.

20 odd regional branches supervise the lower branches of the Reich Food Estate.

500 odd district branches

Local farmers' associations *(Ortsbauernschaften)* throughout the rural areas of Germany

individual farmers

(Imports)

5 REICH MONOPOLY (IMPORT CONTROL) OFFICES
Regulate imports of 5 commodity groups, respectively, of farm products, in close cooperation with the Central Unions listed below.

10 CENTRAL (MARKETING) UNIONS
Supervise the marketing and distribution of 10 respective groups of food and feed products (home-produced or imported) throughout the whole territory of the Reich; for the rationed products, distribution is on the basis of authorizations from the Food Control Offices.
Cooperate closely with the Reich Monopoly Offices in regard to imports.

Regional branches of the Central Union, usually 20 for each Union
Control the marketing within their respective regions for the pertinent commodity groups.

Wholesale and retail distribution of food and feed

(Acquisition of supplies and rationing)

STATE & (IN PRUSSIA) PROVINCIAL FOOD CONTROL OFFICES
Administer the Ministry's policy and directives regarding the necessary food for inhabitants and feed for livestock within the respective Federal States (and Provinces, in Prussia). Control and supervise the activities of the lower Food Control Offices.

District Food Control Offices
Duties and activities similar to those above.

Local Food Control Offices
(Ernährungsämter)
Compile household lists and issue ration cards
Determine distribution to dealers and see that the rationing regulations are observed by dealers and individual consumers.

Individual German consumers

The above diagram is only a rough approximation of the chief features of the very complicated German set-up for administering that country's existing food and feed control.

Figure 1.

acquisition and distribution of foodstuffs and feedstuffs and the assurance that agricultural production in their respective territories is maintained at capacity.

The numerous components of the Reich Food Estate in the various States and Provinces are subjected to the control of the respective State or (in Prussia) Provincial Food Control Offices under the provisions of the August 27 decree. Moreover. the Reich Food Estate in its entirety is placed under the jurisdiction of the Reich Minister of Food and Agriculture, hitherto its titular political head by virtue of his party position as Reich Peasant Leader. This formal decree clothes the Reich Food Estate with full official status and regularizes the position it has hitherto occupied in actual practice by virtue of the supremacy of the National Socialist Party in Germany.

The formation of a General Council of War Economy, for coordinating and controlling every branch of Germany's national economy (including agriculture), was announced January 4, 1940. Field Marshal Göring is president of the new council, as well as president of the Ministerial Council for Defense, established August 30. 1939. German agriculture is represented in the new war-economy council by Herbert Backe, State Secretary in the Ministry of Food and Agriculture.

PRODUCTION AND MARKETING

While enlarged agricultural output has been one of the leading objectives of National Socialist farm policy since 1934, this has been achieved primarily by increased prices, a very comprehensive system of market regulation, and means other than direct production control, except to some extent in the case of bread grains. Between March 1937 and February 1940, however, the emphasis theretofore on production coupled with profitability was shifted to increased gross farm production, even though profits were not correspondingly increased or perhaps even diminished. In order to step up agricultural production, Field Marshal Göring announced February 15, 1940, that price increases for butter and milk would be put into effect beginning March 11, and that a subsidy equivalent to around $40.00 per acre would be paid for putting meadowland into cultivated crops.[7] Obviously the emphasis is again shifting to profitability in order to achieve maximum production.

The 10 Central Unions for marketing the various commodities - components of the Reich Food Estate and in turn under the control of the Ministry of Food and Agriculture - have been empowered to supervise the proper utilization and distribution of their respective commodities throughout the Reich. Through this organizational set-up, the Central Unions and other components of the Reich Food Estate, in conjunction with the various Food Control Offices, exercise a definitely effective control over the movement of products from producer to retailer, and over prices and profit margins for all important farm products and foodstuffs. This situation is calculated to facilitate the administration of food rationing through the local and other Food Control Offices set up for that purpose.

---

[7] The *New York Times* and the *New York Herald Tribune* of February 16, 1940.

PRICE CONTROL[8]

Fixed or controlled prices have been a central feature of agricultural policy since the establishment of the Reich Food Estate, and they apply to virtually all agricultural products. Trade and processor margins have been brought under control for most of the staple foodstuffs, such as grain and grain products, potatoes, milk and dairy products, fats, and most types of meat and meat products.

Price control or price fixing proper starts with the establishment of basic prices to producers for the different grades or quality classifications of a given agricultural product, by regions, from which there are many specified variations depending on the locality, season of year, freight differentials, and other factors. Where adequate standards of quality are lacking, price regulation has taken the form of minimum prices or, in some cases, maximum prices. Some products, such as slaughter cattle, wool, leaf tobacco, and hops, are graded and classed by special committees in authorized markets.

Infractions of the price-control system imposed by the Reich Food Estate are punishable by fines up to 100,000 reichsmarks (equivalent to $40,000) and/or imprisonment, depending on how serious the offense is regarded. Government supervision of foodstuff prices during the present war has become intensified in order to prevent profiteering or other evasions of the regulations. Nevertheless there seem to be many violations of the price regulations, particularly in Berlin, judging from press dispatches from that city.[9] But there is no reason to assume that the situation is by any means comparable with food profiteering in Germany during the World War, when the control system was far less effective than that of the present regime.

IMPORT CONTROL

A necessary adjunct to the regulation of domestic marketing and prices of agricultural products and the control of supplies has been the close control of imports under the jurisdiction of the Ministry of Economics. For this purpose a dual system functions through (1) some 27 supervisory offices (each having jurisdiction over a specified commodity or commodity group) and (2) regional foreign-exchange offices, both under direct authority of the Minister of Economics, except the five Reich monopoly offices under the Ministry of Food and Agriculture (mentioned below). Of the 27 supervisory offices for imports *(Ueberwachungsstellen)*, 10 are concerned with the importation of agricultural products, as follows: Grain and feedstuffs; animals and animal products; milk products and oils and fats; eggs; garden products and certain other foodstuffs; wool; cotton; rubber; tobacco; and coffee. It may also be mentioned that the supervisory offices for the first five commodities or commodity groups (chiefly foodstuffs) just mentioned also function as Reich monopoly offices *(Reichsstellen)* in close cooperation with the Reich Food Estate.

---

[8] For more detailed information on this subject, see the section on Germany in "Agricultural Price Control in Foreign Countries - Some Outstanding Examples," in the February 1939 issue of *Foreign Agriculture*, pp. 50-55.

[9] *New York Times*, September 8, 1939; and *New York Herald Tribune*, November 6, 1939, and February 22, 1940.

Commodities subject to monopoly control can be imported only if offered for sale to, and accepted by, the pertinent monopoly. In most instances, a fee in the form of a monopoly "price difference" is collected, in addition to the regular import duty.

The great bulk of German import (and export) trade, owing to the shortage of foreign exchange, has been conducted in recent years under clearing arrangements and compensation (barter) transactions but generally within the control of the respective supervisory (or Reich monopoly) offices as described above. Several variations of the compensation (barter) basis of trade have been used, the best known being perhaps the "Aski" or "Inland Accounts" method under which German purchases of American raw cotton were made possible in 1937 and later.

On March 18, 1939, however, the United States Treasury Department announced the application of countervailing duties (provisionally 25 percent of the invoice value), effective April 23, 1939, on dutiable German products imported under the German "Inland Accounts" arrangements or any other premium basis. In mid-December 1939, it was reported that American exporters were warned in cables from Germany to use up their "Inland Account" credits before the end of the month, as otherwise they would be closed out, except in special cases.[10] Incidentally, the system of foreign-trade control and the policy of agricultural self-sufficiency under the National Socialist regime have reacted very adversely on exports of American agricultural products to Germany.[11] Since establishment of the Allied blockade, direct exports of any kind from the United States to Germany have virtually ceased.

FOOD CONSUMPTION CONTROL

Control of food consumption, primarily through rationing of the individual consumer, is essential in wartime in a country like Germany that is deficient in foods rich in proteins, minerals, and vitamins, and particularly fat, although self-sufficient in carbohydrates (potatoes, sugar, and bread grains). In contrast with the present war, Germany had made no plans before the outbreak of the World War to organize and regulate the distribution of food in wartime.

WORLD WAR RATIONING EXPERIENCE

Germany entered the World War with fairly large supplies of most foodstuffs. Rationing began with the introduction of bread cards in February 1915, but this was primarily to safeguard the maintenance of bread-grain reserves rather than to ration short supplies. Until 1916, the population as a whole did not curtail their consumption to any noticeable degree, although there were certain consumption shifts among the various foodstuffs to compensate for the growing shortage of fats. In the course of 1916, however, rationing was instituted for practically all the important foodstuffs, such as potatoes, meat and meat products, butter, margarine, lard, other edible fats, milk, eggs, sugar, rice, dry beans, cocoa and chocolate, and coffee. Fresh vegetables other than potatoes, fresh fruit, and fish were not included, however, in the rationing scheme.

---

[10] *New York Times*, December 12, 1939.

[11] "German Markets for U. S. Farm Products Fast Disappearing," *The Agricultural Situation*, September 1937, pp. 15-17; *Foreign Agriculture*, January 1938, pp. 29-30; and subsection later herein headed "Food Imports."

The regular weekly ration for normal adult consumers was supplemented by extra amounts of the various foodstuffs for those engaged in heavy and extra-heavy manual work, while "self-suppliers" (*Selbstversorger*) farmers and peasants for the most part, were likewise accorded a ration substantially in excess of the standard category.[12] Rations for children were naturally less than those for adult consumers.

Consumption control through rationing was administered by the local authorities, based on a supply of foodstuffs in the main nationally controlled. The national commodity supply (distribution) agencies were built up successively, however, as the need therefor by commodity arose and without each being on a uniform basis. The national food-control set-up became more systematized and coordinated, however, after the establishment in Berlin of the War Food Control Bureau (*Kriegsernährungsamt*) at the end of May 1916. Nevertheless, certain disparities in the individual basic rations between regions and localities persisted until the end of the war.

A heavy drop in the 1916 potato crop, in conjunction with curtailed imports of foodstuffs and inadequate transportation facilities, led to the terrible "turnip winter" of 1916-17, when hunger became widespread in various parts of Germany. Unusually heavy frosts prevented the transport of the limited potato supply to the consuming centers, and consequently potatoes were replaced by turnips, which are less susceptible to freezing.[13] Military operations at that time against Rumania further reduced the number of freight cars available for domestic transportation. Moreover, the heavy reduction in livestock numbers in 1915-16, particularly of hogs, owing to sharply curtailed feed imports, was responsible for a drastic decline in the meat supply available for rationing.

In terms of energy value, the food consumed daily by the average German adult in April 1916 was estimated at 2,320 calories; in April 1917, at 2,120 calories; and during 1918, at substantially below 2,000 calories. This compares with around 3,000 calories or more per day for the average adult consumer immediately preceding the World War, according to the best available information. Consequently, the wartime diet from 1916 on affected the health and psychological attitude of a large proportion of the German people most seriously.[14]

One of the most serious deficiencies in the German wartime diet from 1916 on, and one that probably caused the greatest hardship, was the shortage of fats - butter, margarine, lard, etc. In addition to the loss in nourishment, the lack of adequate fats greatly reduced the palatability of many other foodstuffs in whose preparation fats are customarily used. Although maximum prices for butter were established in

---

[12] Skalweit, August. "Die deutsche Kriegsernährungswirtschaft." *Economic and Social History of the World War* (German Series), Carnegie Endowment for International Peace, 1927. This is the standard authority on Germany's food economy during the World War.

[13] Hahn, Walter. *Der Ernährungskrieg: Grundsätzliches und Geschichtliches*, Hamburg, 1939.

[14] Tyszka, Carl von. *Ernährung und Lebenshaltung des deutschen Volkes*, Berlin, 1934.

October 1915, illegal trade at exorbitant prices became widespread by those who could pay the prices as the butter shortage became more intense, notwithstanding the heavy penalties prescribed.[15] Illegal trade in a number of other foodstuffs became fairly general by those who had the purchasing power, but the great mass of urban consumers could not, of course, pay the exorbitant prices.[16]

TABLE 1.–*Estimated weekly per-capita consumption of certain foods in Germany, the United Kingdom, and the Netherlands, before the World War and in 1918*

ITEM	GERMANY		UNITED KINGDOM		NETHERLANDS	
	PRE-WAR	1918	PRE-WAR	1918	PRE-WAR	1918
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Bread and flour ..	6.44	4.06	6.12	6.57	7.25	3.06
Meats	2.25	0.49	2.50	1.54	1.50	0.44
Sugar	(1)	0.33	(1)	0.50	(1)	0.52
Fats	0.56	0.15	0.51	0.45	0.70	0.37

[1] Not estimated.

"British Food Control," by Sir William H Beveridge, *Economic and Social History of the World War*, Carnegie Endowment for International Peace, Oxford, 1928, p. 316. The table was prepared by the British Ministry of Food.

Several factors account for the failure of the German food-control system during the World War. The German authorities thought that the war would be over in a short time and consequently did not institute rationing of foodstuffs until normal supplies had been largely exhausted. Domestic farm output for several reasons dropped heavily in the course of the war. Profiteering in foodstuffs was not, and could not be, eliminated by the authorities, largely because of the lack of constant control over the great number of individual farmers and peasants. The Allied blockade effectively shut off food imports from oversea sources. A centralized system for controlling distribution of the major foodstuffs, together with the requisite administrative machinery, was developed belatedly and in piecemeal fashion. In sharp contrast with this, Germany entered the present war with a very comprehensive control system, extending to every farm and to every individual consumer in the Reich.

PRESENT RATIONING SYSTEM

Food rationing was introduced throughout Germany on August 27, 1939, 4 days before the invasion of Poland. It was designed to limit and regulate the per-capita consumption of certain essential foodstuffs and to guard against hoarding and other dislocations in supply, distribution, and demand. The rationed products included meat, fats and oils, milk, sugar, coffee and coffee substitutes, cereal products, and eggs.

---

[15] Macht, Th., "Die deutsche Fettwirtschaft in und nach dem Kriege," *Schriften zur kriegswirtschaftlichen Forschung und Schulung*, Hamburg, 1936.

[16] Lorz, F., *Kriegsernährungswirtschaft und Nährungsmittelversorgung vom Weltkriege bis heute*, Hannover, 1938.

New and somewhat stricter food-rationing regulations for normal adult consumers, but more favorable to heavy manual workers, became effective on September 25, 1939. The main features of the new regulations, which with certain modifications are still in effect, were (1) the inclusion of bread among the rationed foodstuffs; (2) the reduction of meat, milk, butter, and sugar rations for normal consumers; (3) the differentiation in amounts of most of the rationed products according to the age of, and type of labor performed by, the recipients; and (4) the extension of rationing to meals taken in restaurants or dining cars. Skimmed milk remained unrationed as theretofore, but fresh (whole) milk for normal consumers was dropped from the ration and its consumption authorized only for children under 14 and for expectant or nursing mothers. This was for the purpose of increasing the domestic butter output. (The consumption of fresh cream in Germany had been banned for some time prior to the present war.)

Instead of a single card containing coupons valid for purchasing the indicated amounts of the various rationed products, issued to each person under the August 27 regulations, the new regulations substituted six separate cards of different color for as many products or product groups: namely, (1) bread; (2) meat; (3) fats; (4) marmalade, sugar and eggs; (5) *Nährmittel*, that is, cereal and alimentary products such as oatmeal, rice, tapioca, sago, potato-starch meal, pudding powder, and coffee substitutes; and (6) whole milk. The Government cautioned all persons that each card must be cared for as a "public document," since it could be replaced only with considerable difficulty. Another feature of the new regulations is that buyers of most foods must register with the store from which they intend to make their purchases and must go to that store for all future purchases, as long as their residences are unchanged. "Customers' lists" are also maintained for certain of the unrationed foodstuffs, such as fish, poultry, and game.

The weekly food rations were fixed in Germany for 4 weeks in advance, until November 20, 1939, when revised regulations (published November 7) became effective. Though the principle of the 4-week "rationing period" is, on the whole, maintained, the rationed amounts of certain foodstuffs are fixed in advance for a period of 4 months, indicating that the Reich food authorities, after a period of experimenting and testing, feel that they are justified in planning ahead for a longer period.[17] The revised regulations also provided for a small increase in the meat ration, higher butter rations for children, and supplementary rations of certain commodities in December, intended, apparently, to compensate consumers for the seasonal shortage in fresh vegetables and to diversify the war diet at Christmas time.

Weekly rations for the ration period November 20-December 17, 1939, together with certain consumption comparisons, are shown in table 2. Subsequently announced rationing periods, as published in the *Reichsanzeiger*, show practically no changes in the composition of the weekly rations from that indicated.

In addition to the rations set forth in table 2, supplementary allowances to all consumers have been granted as follows: 4.4 ounces of meat and meat products,

---

[17] Report from the office of the American Commercial Attaché, Berlin, dated November 9, 1939.

8.8 ounces of butter, and 6 eggs for December only; 7.1 ounces of chocolate or 8.8 ounces of pralines, and 7.1 ounces of Christmas honey biscuits *(Lebkuchen)*, November 20 to December 17; 13.2 ounces of rice, December 18 to January 14; and 8.8 ounces of dried peas, beans, or lentils during the periods January 15 to February 11 and February 12 to March 10. Moreover, all children up to 14 years receive, beginning November 20 and until further notice, 4.4 ounces of cocoa during each 4-week rationing period; the sale of cocoa had theretofore been completely blocked. In regard to eggs, the ration coupons therefor are valid when special distributions are made, and these, thus far, have been less than the December allowance of 6 eggs per person.

The extra allowances for December (including the last third of November) were doubtless in part to compensate consumers for the seasonal shortage of fresh vegetables and diversify the regular rationed diet at Christmas time. The January-March allowance of dried legumes is particularly to offset the lack of fresh vegetables, and it is also reported that canned vegetables, hitherto withheld from distribution, will probably be released for general sale during part of this period.

Potatoes, a major item in the German diet, are not rationed. Neither are other fresh vegetables, among which cabbage and carrots are important, nor fruits. Though fish and poultry are not formally rationed, consumers must be listed with a dealer in order to obtain those products. When the customer's name is reached on the list he may purchase a limited amount of the given product. The total supply of fish is probably very limited, since the bulk of the former supply was obtained from the North Sea and is no longer available to Germany.

Under the general supervision of the State or Provincial Food Control Office, the local Food Control Offices *(Ernährungsämter)* administer the supply and distribution of foodstuffs within their local area (municipal or rural). Each local Food Control Office is obliged to keep accurately informed of the number of consumers in the various categories within its jurisdiction and their total food requirements, including the requirements also of hospitals, restaurants, canteens, etc. This agency distributes the ration cards *(Bezugskarten)* primarily on the basis of household lists.

The local Food Control Office also grants purchasing permits *(Bezugsscheine)* for the various foodstuffs, which are issued on the basis of order coupons *(Bestellscheine)* or separate coupons submitted to that agency by the retail trade. Finally, it sees that foodstuffs are distributed properly to the individual consumer in conformity with the rationing regulations of the Ministry of Food and Agriculture.

The German rationing system for foodstuffs seems to have functioned fairly well thus far. It may be noted from the foregoing that several adjustments in the system as a whole have been made since August 27, 1939, in line with changing conditions and experience gained through the operation of food control in its many aspects. An outstanding problem of such control is no doubt how best to maintain civilian morale without, at the same time, making too heavy inroads into the national supply of the various rationed foodstuffs.

TABLE 2.—*German weekly food rations, with 1937 consumption comparisons*

FOOD	WEEKLY RATIONS FOR NOV. 20-DEC. 17 1939[1]		WEEKLY CONSUMPTION IN 1937			
			"FULL PERSON" ACCORDING TO OFFICIAL REICH STATISTICS[2]		WORKING ADULT, ACCORDING TO A SPECIAL INQUIRY[3]	
	NORMAL RATION[4]	SPECIAL RATION	QUANTITY	PERCENTAGE NORMAL RATION IS OF ABOVE	QUANTITY	PERCENTAGE NORMAL RATION IS OF ABOVE
	Ounces	*Ounces*	*Ounces*	*Percent*	*Ounces*	*Percent*
Bread	84.6		120.9	70	90.5	94
Children under 6		38.8				
Children 6-10		60.0				
Hard workers		134.0				
Very hard workers		169.3				
Fats (butter, lard, margarine, vegetable fats, oils, tallow, etc.)	[5] 9.5		20.3	47	12.5	76
Children under 3		4.4				
Children 3-6		6.6				
Children 6-14		9.1				
Hard workers		13.9				
Very hard workers		26.1				
Meats and meat products	[5] 18.7		36.1	52	26	72
Children under 6		9.9				
Hard workers		36.4				
Very hard workers		43.4				
Cheese[6]	2.2		4.3	51	5.6	39
Sugar	[7] 8.8		18.9	47	10.3	85
Nährmittel (oatmeal, rice, tapioca, pudding powder, etc.)[9]	[8] 5.3		(9)	-	(9)	-
	Quarts	*Quarts*				
Milk, whole[10]	0		(11)	-	(11)	-
Children under 3		5.5				
Children 3-6		3.7				
Children 6-14		1.8				

Conversions are from grams and liters: 1 gram=0.03527 ounce; 1 liter=1.0567 quarts.

[1] *Deutscher Reichsanzeiger*, Nov. 11, 1939.

[2] "Full person" *(Vollperson)* consumption data are from *Statistisches Jahrbuch für das Deutsche Reich, 1938*. A "full person" is a male 14 or over, whereas a female 14 or over is reckoned as 0.9 of a "full person" consumer; children up to 9, as 0.5; and children from 9 to 14, as 0.75 of a "full person."

[3] Working-adult weekly consumption is from a special inquiry in 1937, the results of which were published in the official periodical, *Wirtschaft und Statistik*, No. 8, second issue for April 1939.

[4] "Normal" rations are for all persons for whom special rations are not listed.

[5] 3.5 ounces of meat and 0.7 ounce of fat are issued weekly in addition to the "normal" ration to workers not classified as heavy or extra-heavy workers but who (1) have a work shift of at least 10 hours; or (2), on account of the distance from place of work, are away from home at least 11 hours daily; or (3) are on a night shift.

[6] Instead of cheese, 6 ounces of condensed milk were allowed during the fourth week of the period Dec. 18 to Jan. 14, but neither is allowed for the fourth week of the period Jan. 15 to Feb. 11.

[7] In addition to this amount, 1.4 ounces of sugar weekly may be taken in lieu of 3.5 ounces of marmalade.

[8] In addition to the indicated amount of *Nährmittel*, 3.5 ounces of coffee substitutes are allowed all consumers weekly on the *Nährmittel* ration card.

[9] Consumption data for 1937 not available for all the items comprising *Nährmittel*.

[10] Skimmed milk is not rationed but "customers' lists" are maintained by dealers. In addition to children, as indicated, whole milk is permitted for nursing and expectant mothers.

[11] Not available.

With the possible exception of certain fats, distribution shortages thus far have occurred for the unrationed foods, particularly potatoes, fish, and domestic apples, rather than for the rationed items. This applies to Berlin especially, where the potato shortage caused considerable grumbling on the part of German housewives, judging from Berlin despatches in the American press.[18] (The coal shortage there has also aggravated the situation.) Potato supplies are more than ample, but the severe winter, together with transportation difficulties, has hampered their shipment to the chief consuming centers. On the other hand, the shortages of fish and apples are due to inadequate supplies. In contrast with the population of the large cities and industrial centers, the rural inhabitants no doubt fare better in general in the way of food,[19] particularly that produced by themselves, although the spread is by no means so great as during the last 2 years of the World War.

ADEQUACY OF PRESENT RATIONS

The official consumption statistics for 1937 and 1938 are in reality "apparent" consumption figures (*i.e.*, domestic production plus imports in relation to the total population). They do not afford a reliable basis for the purpose of discussing the adequacy of the German diet prior to the outbreak of the present war, particularly for normal adult consumers, in relation to nourishment standards, energy value, etc., inasmuch as they are not comparable with consumption figures for previous years for certain important products (notably meat and fats) and because they apparently include the supplies stored for war purposes, as well as those actually consumed.

In view of this, the best available statistical data relating to the actual level of German food consumption in recent years appears to be the special inquiry undertaken in 1937 for a selected number of working families in various parts of the country, under the supervision of the Reich Central Statistical Bureau. The results of that inquiry, thus far published, together with comparative data from a similar special inquiry for the year 1927, are summarized in table 3.

In comparing the 1937 diet of German working families with that of 1927, a deterioration in several important items may be noted. The 1937 consumption figures show a decrease in milk of 20 percent; in meat and meat products, 17 percent; in fats, 7 percent; in vegetables, other than potatoes, 5 percent; and in fruits, 31 percent - a serious deficiency. These shortages in the "protective" foods, rich in certain vitamins and minerals, were accompanied by increases over the 1927 diet in carbohydrates - potatoes and bread - of which Germany has a sufficiency. Carbohydrates cannot, of course, properly compensate for a deficiency in the protective foods.

The diet of German working families in 1927, which corresponded fairly closely with that of 1907 as estimated on the basis of a similar special inquiry, had an estimated value of 2,866 calories per adult consumer per day, or approximately the generally recognized adequate standard for persons doing moderately active work.

---

[18] *New York Times*, January 9 and 22, 1940; *New York Herald Tribune*, January 20, 1940; and *Christian Science Monitor*, January 15 and 27, 1940.

[19] "Country Germans Wink at Rations," *New York Herald Tribune*, November 26, 1939 (special correspondence from Berlin).

The estimated food-energy value of the 1937 diet, however, appears to be about 15 percent below that of 1927. Although statistical evidence is not available, there are other reasons for assuming that the nutritive value of the 1938 and 1939 diet did not improve but was actually somewhat below the level of 1937.

In other words, it is apparent that Germany entered the present war with a large proportion of its popolation inadequately nourished during the preceding 2 or 3 years, in contrast with the substantially higher nourishment level obtaining in that country at the outbreak of the World War. In the light of this situation, the present weekly German rations may be compared with the weekly working-adult consumption in 1937, as set forth in table 2.

TABLE 3.—*Estimated average weekly food consumption per person for German working families, 1927 and 1937*[1]

ITEM	WEEKLY CONSUMPTION PER PERSON		PERCENTAGE CHANGE FROM 1927 TO 1937
	1927	1937	
	Ounces	*Ounces*	*Percent*
Butter	2.9	3.2	+10.3
Raw fat	0.5	0.3	-40.0
Lard and tallow	1.9	1.6	-15.8
Margarine	5.4	4.8	-11.1
Vegetable oils and fats	1.1	1.1	0
Total fats	11.8	11.0	-6.8
Meat and meat products	23.7	19.6	-17.3
Cheese	2.5	2.5	0
Fish	3.4	3.6	+5.9
Sugar	8.7	8.0	-8.0
Bread	60.9	62.8	+3.1
Potatoes	82.0	87.7	+7.0
Other vegetables	20.6	19.5	-5.3
Fruits	15.5	10.7	-31.0
Coffee	0.7	0.6	-14.3
Coffee substitutes	1.7	1.5	-11.8
Chocolate, etc	0.6	0.5	-16.7
	Quarts	*Quarts*	
Whole milk	2.29	1.78	-22.3
Skimmed milk	.02	.06	+200.0
Cream	.01	.01	0
Total milk	2.32	1.85	-20.3
	Number	*Number*	
Eggs	2.2	1.2	-44.0

---

[1] The 1927 family consisted of 4.2 persons and the 1937 family of 4.1 persons. The 1927 survey applied to some 2,000 families and the 1937 survey to 350 families.

The 1927 consumption data are from *Einzelschriften zur Statistik des deutschen Reichs*, No. 22, Parts I and II, Berlin, 1932; those for 1937 are from the periodical of the Reich Central Statistical Bureau, *Wirtschaft und Statistik*, No. 8, second issue of April 1939. Conversions are from grams and liters.

It may be noted that the weekly ration for normal consumers represents, in relation to the 1937 consumption of working adults, the following percentages for the major rationed items: Bread, 94 percent of the 1937 consumption; fats, 73 percent; meat, 72 percent; and sugar, 86 percent. For meat and fats, these are fairly substantial reductions below the 1937 consumption level, which will no doubt be offset to some extent by increased consumption of potatoes, and/or such other unrationed products as may be available.

If the present weekly ration is compared in terms of the official Reich "full person" or "apparent" consumption figures for 1937, also set forth in table 2, the reductions appear much greater than those above mentioned; namely, bread, 70 percent of the 1937 consumption; fats, 47 percent; meat, 52 percent; and sugar, 47 percent. Obviously such drastic cuts as these in vitally important foodstuffs could not be made through rationing, without at the same time undermining civilian morale, as well as health. This the German authorities would strive to prevent. Therefore, these apparently drastic cuts through rationing are explained by the fact that the Reich official 1937 consumption figures are considerably higher than actual consumption, the latter being more accurately reflected in the special-inquiry consumption figures for German working families in 1937, as previously pointed out.

Nevertheless, a large part of the German people receiving the normal-consumer ration are not afforded proper and adequate nourishment,[20] according to generally accepted nutrition standards and in the light of German data on this subject. It is not anticipated that this will cause serious difficulties during the first year of the war, but thereafter the staying power and probably the health of those not in a preferred-ration category will be endangered, unless it is possible to augment the normal-consumer ration.

Farmers and peasants will fare considerably better than the urban population generally in the way of adequate food. Heavy and extra-heavy manual work also entitles the laborers to receive a larger proportion of their former consumption of most of the rationed foodstuffs, particularly meat and bread, than do normal consumers.

It is not definitely known how many persons are receiving the extra-ration allowances because they are engaged in heavy or extra-heavy manual work. These apparently comprise munition, iron-and-steel, and coal-mine workers; and, whereas the German press originally estimated their number at approximately 1.1 million, it is thought that the actual number is far above that figure. The German soldier, both in garrison and in the field, receives a more liberal food allowance than that represented by the normal-consumer ration. For both meat and bread it exceeds the ration allowance for those in heavy and extra-heavy manual work. The greater the number of persons in the preferential-ration categories becomes, however, the less there remains of the general supplies of rationed products for distribution to the normal-consumer group.

---

[20] "For normal food rations, especially those of meatless days, admittedly are so scant that many workers complain of hunger after a meal that lacks a real fat basis." (From a Berlin article by Otto D. Tolischus, published in the *New York Times Magazine*, December 10, 1939)

~~~

FOOD REQUIREMENTS AND SUPPLY SOURCES

In view of Germany's collapse at the end of the World War, in large part due to the stringent shortage of essential foodstuffs, the National Socialist regime has devoted a great deal of effort since 1934 toward increasing the country's agricultural self-sufficiency and otherwise providing for a better food-supply system in wartime than obtained in 1914-1918. The information available on the food supply deals largely with the old Reich, excluding territory acquired in 1938 and 1939. For some products, notably bread grains and possibly oilseeds, the German supply position (including reserves) was better at the outbreak of the present war than at the beginning of the World War; but for a number of important foodstuffs, definite information is lacking.

In the same connection, however, it should be borne in mind that the general level of the German diet in 1939 was at least 15 percent below the 1927 and the pre-World War diet in food-energy value, as already pointed out. Informal rationing of butter, eggs, and certain fats other than butter has been in effect since the winter of 1935-36 at times of shortages. Regional shortages of certain kinds of meats, together with shortages of certain fruits, have occurred since the autumn of 1935. The "fat gap" is the most serious food problem confronting wartime Germany.

FOOD REQUIREMENTS BY MAJOR PRODUCT

Nutritional requirements in wartime customarily undergo a large increase, because the soldier's and munition worker's food consumption is considerably above the usual peacetime working adult's consumption. This can be offset to some extent by reducing the total food supplies available for distribution to the civilian population not directly connected with the war industries through food rationing.

No attempt will be made here to estimate Germany's net enlarged food requirements in wartime, particularly in view of the fact that information regarding total supplies and reserves are regarded as military secrets, other than the grain reserves, which have been announced by the Government on two or more occasions since the outbreak of the present war. It may be useful, however, to examine the general level of Germany's peacetime food requirements of principal products, and the proportion thereof supplied by domestic production. Supply figures for 1938 have been published only in part; consequently those for 1937 will be used. These are set forth in table 4, together with certain comparative data for 1936 compiled by a leading German expert in this field, Dr. Hans v. d. Decken, of the German Institute for Business Research, Berlin. Between 1936-37 and the present war, certain changes have, of course, occurred, but the data are still regarded as representative, in a general way, of the food requirements of the "old Reich" (Germany before the territorial acquisitions of 1938-39).

It may be noted that Germany is self-sufficient in sugar and potatoes, and almost so in other vegetables, and provides domestically more than 90 percent of the cheese and meat (excluding the amount represented by imported feedstuffs) consumed. The situation regarding bread grains and fats will be discussed in more detail.
~~~

TABLE 4.–*Germany's requirements of important foodstuffs in 1936 and 1937, and proportion domestically produced, 1936*

ITEM	TOTAL REQUIREMENTS[1]		DOMESTIC PRODUCTION	IMPORTS	PERCENTAGE DOMESTIC PRODUCTION IS OF TOTAL REQUIREMENTS, 1936
	1937	1936	1936	1936	
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*Percent*
Rye flour	4,112	4,021	3,899	122	97
Whear flour[2]	4,167	3,770	2,957	812	78
Total bread flour[3]	8,279	7,791	6,856	934	[4] 88
Meat and meat products[5]	3,434	3,544	3,326	218	94
Butter	665	631	548	83	87
Margarine[6]	416	491	22	468	5
Hog fat[7]	603	472	424	47	90
Cheese	406	418	387	31	93
Fish, sea	916	876	622	255	71
Potatoes	13,007	14,109	13,999	110	99
Other vegetables	3,763	4,289	4,084	205	95
Fruit, subtropical[8]	437	520	0	520	0
Other fruit[8]	2,745	2,205	1,896	309	86
Dried legumes[9]	172	152	74	78	49
Rice	151	115	0	115	0
Sugar	1,796	1,666	1,675	[10] 9	101
Coffee	157	[11] 137	0	[11] 171	0
Coffee substitutes[12]	173	173	173	0	100
	Millions	*Millions*	*Millions*	*Millions*	*Percent*
Eggs	8,400	7,490	6,280	[13] 1,650	84

[1] Total requirements represent "apparent consumption," *i.e.*, domestic production plus imports.

[2] Includes a small amount of corn flour, under the compulsory mixing regulations.

[3] The 1936 data for rye flour and wheat flour are on a marketing-year basis. Imports of rye and wheat flour are, for the greater part, imports of the corresponding grain milled in Germany.

[4] This percentage of self-suficiency is no longer representative, inasmuch as increased wheat and rye production since 1936 make Germany almost self-sufficient in bread grains.

[5] Excluding lard, tallow, and bacon. The 1936 data include poultry and game, but these are excluded from the 1937 figures. The 1936 import figure includes the slaughter-weight equivalents of imported livestock.

[6] Includes *Kunstspeisefette*, or artificial edible fats (compounds).

[7] Lard and bacon. The 1936 data are for "pure" fat.

[8] The 1936 data for fruit are on a marketing-year basis.

[9] Dried peas, beans, and lentils; not included under "other vegetables" above.

[10] Exports.

[11] The 1936 data for coffee requirements are from the *Statistisches Jahrbuch*. Coffee reexports are included in the import figures.

[12] Coffee-substitute (of malt, barley, and other grains) consumption requirements were identical in 1936 and 1937, according to the *Statistisches Jahrbuch*, 1938; Dr. v. d. Decken does not list this item but indicates 303,000 short tons of barley, all domestically grown, for the production of coffee substitutes, groats, etc.

[13] Includes egg preparations in terms of eggs in shell.

The 1937 data are from the *Statistisches Jahrbuch für das Deutsche Reich, 1938;* the 1936 data are from *Entwicklung der Selbstversorgung Deutschlands mit landwirtschaftlichen Erzeugnissen*, by Hans v. d. Decken, Institut für Konjunkturforschung, Berlin, 1938, published under the auspices of the Reich Ministry of Food and Agriculture.

Bread grains - In comparison with 1936, the bread-grain supply in 1938-1939, as influenced by both domestic production and imports, was improved. The increase in Germany's production of bread grains (wheat and rye) since 1936 may be seen from table 6. It is estimated that domestic production now accounts for around 95 percent or more of Germany's total bread-grain requirements, in contrast with approximately 88 percent in 1936. Some of this improvement, however, has been at the expense of feed grains, in which Germany is deficient. The Government prohibition against feeding bread grain to livestock, instituted in 1937, has resulted in the saving of about 1 million metric tons[21] of bread grains (chiefly rye) per year. This amount of bread grain formerly used as livestock feed has been replaced for feeding purposes by corn supplied chiefly through imports and root crops.[22]

A record grain crop in 1938 and substantial imports of wheat and corn in 1938 and 1939 resulted in record supplies of grains toward the middle of 1939. On April 30, 1939, for example, total grain reserves were reported at 7.9 million short tons compared with 4.1 million tons a year earlier. As more than three-fourths of the total consisted of bread grains, Germany appears to have enough of the latter to offset a season or two of possible poor crops.

Fats and oils - The deficiency of edible fats and oils in relation to total normal requirements is the most serious problem in Germany's food-supply position. Total consumption as food is around 1,800,000 tons, exclusive of about 450,000 tons of fats and oils (largely inedible) used for industrial purposes. Domestic production accounts for about 55 percent of Germany's total requirements of edible oils and fats, compared with 45 percent in 1933 and 40 percent prior to the World War. The increase in domestic fat production under the self-sufficiency program since 1933 may be seen from table 5.

TABLE 5.-*Supplies of fats in Germany,*[1] *1933 and 1936-1938*

ITEM	1933	1936	1937	1938
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Home production:				
Butter	469	548	569	560
Lard	469	554	547	573
Edible tallow	38	40	39	44
Vegetable oils	3	44	44	50
Whale oil	-	-	36	101
Total	979	1,186	1,235	1,328
Imported fats and oils	1,066	965	941	1,032
Total consumption	2,045	2,151	2,176	2,360

[1] "Old Germany" (*Altreich*).

Semiannual report of the Reichs-Kredit-Gesellschaft, Berlin, July 5, 1939. Conversions from metric tons.

---

[21] Equivalent to 1.1 million short tons.

[22] *Germany's Economic Situation at the Turn of 1938-39*, published by the Reichs-Kredit-Gesellschaft, Berlin, January 6, 1939.

It may be noted that domestic production since 1933 of both butter and lard has increased by about 100,000 tons annually and that whale oil has risen from nothing to about 100,000 tons in 1938. Domestic butter and lard production is not likely to exceed substantially the present level, and there is some doubt even whether production in wartime can be maintained undiminished. German whaling vessels will not likely be able to supply any appreciable quantities of whale oil from the North Sea fishing areas (hitherto chiefly utilized), on account of the Allied blockade.

With the great bulk (about 95 percent) of oilseed supplies formerly imported now cut off through the blockade, the serious difficulty of maintaining edible fat and oil supplies at the former level is obvious. Imported oilseeds processed in Germany account normally for about 600,000 tons of oil, a large proportion of which, in turn, is utilized in the manufacture of margarine. The heavy cut through rationing in the permitted consumption of fats (and oil) by normal adult persons indicates the difficulties anticipated by the German authorities in providing adequate supplies during the present war.

The German soap industry ordinarily accounts for about 60 percent of the total amount of industrial fats and oils consumed annually, approximating 450,000 short tons, with the paint and varnish industry ranking next (about 17 percent of the total).[23] These technical fats and oils are almost exclusively produced from oilseeds and other imported raw materials. Soap of all kinds has been severely rationed since the outbreak of the present war. Synthetic fatty acids produced from paraffin have been found to be useful substitutes for natural fatty acids for manufacturing soap. Fairly large quantities of the synthetic product are now being used for that purpose, inasmuch as there has been a virtual cessation of oilseed imports owing to the blockade. It may be observed, incidentally, that the manufacture of munitions involves the utilization of substantial quantities of fats and oils, but no estimates relating to Germany in this connection are available.

DOMESTIC FOOD PRODUCTION

Notwithstanding the immense amount of effort expended, the percentage of food self-sufficiency in 1938 was officially estimated at only 82 percent, or but little above the pre-World War level.[24] The two figures are not, of course, strictly comparable, for the percentage of self-sufficiency depends on changes in consumption as well as production. In this connection, it has already been pointed out that the 1938 diet was about 15 percent below the pre-World War level. In other words, part of the apparent increase in self-sufficiency has been due to a decline in consumption. This is borne out by the fact that the heavy reduction in imports of certain foodstuffs in recent years has been only partly offset by an expansion in domestic production. Table 6 shows the development of production during the past 4 years of Germany's principal field crops.

[23] U. S. Department of Commerce Press Memorandum, dated Nov. 21, 1939.

[24] Decken, Hans v. d., *Op. cit.*, p. 122.

TABLE 6. *Production of principal crops in Germany, 1936-1937,*[1] *and so-called Greater Germany, 1938-1939*[2]

COMMODITY	1936[1]	1937[1]	1938[2]	1939[2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Wheat	4,880	4,924	6,978	6,162
Rye	8,141	7,625	10,692	10,339
Barley	3,747	4,010	5,291	4,674
Oats	6,193	6,524	7,948	7,529
Potatoes	51,063	60,969	62,181	62,037
Sugar beets	13,333	17,307	18,959	19,169
Fodder beets	41,695	44,685	45,999	43,563
Clover and alfalfa hay	13,627	11,802	15,201	13,305
Meadow hay	30,664	29,513	34,182	34,877

[1] Old Germany, including the Saar.

[2] Old Germany, Austria, Sudetenland, and Memel, but excluding the protectorate Bohemia-Moravia.

German official statistics. Conversions from metric tons.

Food self-sufficiency to the extent of 82 percent for Germany *(Altreich)* has not been substantially altered by the territorial acquisitions of 1938-1939.[25] Former Austria was only about 75 percent self-sufficient in food, Sudetenland 80 percent, and the "protectorate" of Bohemia-Moravia[26] 100 percent. Memel and possibly the Danzig territory are surplus-producing areas. In view of the abnormal conditions in the parts of former Poland annexed or occupied by Germany, it is problematical whether Germany will be able to obtain substantial food supplies from that area during the present year.

Germany is self-sufficient in fluid milk for drinking and produces more than 90 percent of its total meat requirements, excluding the proportion represented by imported feedstuffs. Germany's livestock numbers during the past 4 years are shown in table 7.

Germany is dependent on imports for about 25 percent of its total feedstuff requirements. Feed grains (barley and oats), potatoes, and other root crops compose the bulk of domestically produced livestock feed (aside from hay and pasturage). The country produces a large supply of carbohydrates; about 40 percent of the potato crop of approximately 60 million short tons (1.8 to 2 billion bushels) is fed to livestock, chiefly hogs. But somewhat similar to the "fat gap" in foodstuffs is a "protein gap" in Germany's domestic supply of feedstuffs.

---

[25] In this connection, a leading official of the Reich Food Estate, Dr. Hermann Reischle, stated in an initialed editorial in the Oct. 6, 1939, issue of *Der Deutsche Volkswirt*, Berlin, [in translation]: "Through the absorption of the returned territories, notwithstanding many internal shifts the German food balance in general has not been influenced to any extent worth mentioning either positively or negatively."

[26] Absorption of the protectorate of Bohemia-Moravia into the German customs territory announced for April 1, 1940, has been postponed indefinitely according to recent Berlin despatches.

TABLE 7.–*Livestock numbers in Germany,*[1] *as of December 3, 1936-1938*

ITEM	1936	1937	1938
	Thousands	*Thousands*	*Thousands*
Cattle, including milk cows ..	20,088	20,504	19,911
Milk cows only	10,122	10,224	9,962
Hogs	25,892	23,847	23,481
Sheep	4,341	4,692	4,809
Hens	88,423	85,393	88,530
Geese	5,890	5,465	5,945
Ducks	2,724	2,403	2,656
Horses	3,410	3,434	3,443

[1] Old Germany.

German official statistics.

The "protein gap" is customarily made good in large part by importing oilseed cake - particularly by the oil-cake residue from the domestic processing of some 1,800,000 tons of imported oilseeds annually (yielding about one-third by weight in expressed oil and two-thirds residue). This dependence on foreign supply sources for about one-fourth of total feedstuff requirements presents a problem of particular importance to Germany in wartime, inasmuch as failure to obtain the required protein concentrates will affect the level of milk production and the condition of livestock in general. In addition to the protein-rich feedstuffs of foreign origin utilized in Germany, it may be noted from table 8 that imports of corn, largely from oversea countries, in 1937 and 1938 exceeded 2 million tons.

FOOD IMPORTS

Imports of foodstuffs and feedstuffs into Germany in 1938 were valued at 1,956,018,000 reichsmarks (equivalent to $785,616,000), representing approximately 36 percent of the total value of all imports that year. The volume of principal foodstuffs, together with that of certain other important agricultural products, imported into Germany during 1936-1938 and the first half of 1939 is shown in table 8.

The unusually large wheat imports in 1937 and 1938 were doubtless for the purpose of building up reserves, at least in part, as were probably those of oilseeds in 1938. The substantial increase in imports of rice and coffee during 1937 and 1938 may also be noted. The drastic decline in the German market for United States foodstuffs and other agricultural products since the advent of the National Socialist regime has already been referred to. This development for the principal products involved may be seen from table 9.

The heavy imports of United States wheat in 1938, the largest since 1929 and more than 10 times larger than for any year during the period 1933-1937, were no doubt due to Germany's desire to build up bread-grain reserves. Of Germany's total corn imports in 1938 as indicated in table 8, more than half was of United States origin. Since September 1939, direct imports into Germany of United States products have virtually ceased, owing to the Allied blockade.

TABLE 8.-*Imports into Germany of selected foodstuffs and other agricultural products, 1936-1938 and January-June, 1938-1939*

COMMODITY	1936	1937	1938[1]	JANUARY-JUNE	
				1938[1]	1939[1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Wheat, grain	82	1,344	1,397	599	255
Barley	64	267	503	262	205
Corn	189	2,380	2,089	886	199
Rice, unpolished	159	205	269	106	139
Meats[2]	123	123	152	69	102
Lard	33	38	47	26	22
Butter	83	96	102	47	46
Cheese	31	41	36	18	17
Fish[3]	271	252	253	141	176
Coffee	171	196	213	103	88
Cacao	84	81	88	37	52
Fruits:					
Tropical	643	437	529	276	439
Other	343	365	536	95	116
Beans, edible, dried	21	35	25	15	27
Peas, edible, dried	31	39	36	22	27
Lentils	35	50	52	28	18
Oilseeds	1,575	1,622	1,846	936	1,037
Oil cake	69	121	212	134	52
Cotton, raw[4]	261	270	276	133	137
Wool, raw[5]	133	141	183	117	121
Jute	107	120	127	56	57
Sisal	35	63	53	23	43
Hemp	17	31	33	20	20
Tobacco, unmanufactured	100	103	106	50	54
	Number	*Number*	*Number*	*Number*	*Number*
Cattle	203,315	201,698	172,539	89,362	91,563
Hogs	391,466	475,435	583,136	275,541	547,368
	Millions	*Millions*	*Millions*	*Millions*	*Millions*
Eggs (in the shell)	1,223	1,582	1,592	791	813

---

[1] German foreign-trade statistics since October 1938 include the trade between Sudetenland and foreign countries; and since April 1, 1939, the trade of Ostmark (formerly Austria) and Memel with foreign countries.

[2] Includes products, except animal fats.

[3] Includes fish preparations.

[4] Excludes linters.

[5] Includes pulled wool and animal hair.

Official German trade sources. Conversions from quintals (1 quintal=220.46 pounds).

TABLE 9.—*German imports of specified farm products from the United States, 1929-1938 and January-June 1938-1939*

PERIOD	COTTON, RAW[1]	LARD	APPLES[2]	PRUNES[3]	TOBACCO UNMANUFACTURED	WHEAT, INCLUDING FLOUR AS GRAIN
	1,000 bales	*1,000 pounds*	*1,000 boxes*	*1,000 pounds*	*1,000 pounds*	*1,000 bushels*
1929	1,411	186,680	3,357	60,616	23,812	9,143
1930	1,271	140,368	2,946	39,126	23,672	6,891
1931	1,092	125,766	3,979	(4)	14,901	2,502
1932	1,365	173,459	3,103	48,644	23,781	7,539
1933	1,444	124,783	3,183	55,793	20,091	754
1934	875	49,116	3,140	28,643	18,610	586
1935	345	3,150	638	13,188	15,690	3
1936	326	4,325	457	9,918	16,782	80
1937	302	110	185	3,869	12,927	628
1938 (prelim.)[5]	208	825	470	683	9,730	8,962
Jan.-June (prelim.)[5]						
1938	128	433	438	106	4,623	951
1939	110	101	256	5,516	4,959	179

[1] Excludes cotton linters.

[2] Converted into boxes of 44 pounds.

[3] Figures for 1932 to date include plums of all kinds.

[4] Not separately reported for the United States.

[5] German foreign-trade statistics since October 1938 include the trade between Sudetenland (formerly a part of Czechoslovakia) and foreign countries, and since April 1, 1939, include the trade of Ostmark (formerly Austria) and Memel with foreign countries.

Official German trade sources.

BLOCKADE

German merchant shipping was swept from the high seas by the Allied naval fleets almost at the outset of the present war. The Allied blockade also is designed to prevent ocean shipments to German ports in neutral vessels. While there are doubtless some leaks in the Allied blockade through shipments to neutral countries adjacent to or near Germany, the great bulk of oversea supplies formerly imported is definitely cut off.

Germany's imports from enemy and neutral oversea countries during the first half of 1939 totaled 50.1 percent of that country's entire imports from all sources. Imports during the like period from contiguous and neutral European countries still accessible, such as the Balkan, Baltic, Scandinavian, and Low countries, accounted for approximately 43 percent of Germany's total from all sources.[27] About one-fifth of Germany's total food imports are from the countries of Southeastern Europe; but, since the outbreak of the present war, the Allied powers, particularly the United Kingdom, have purchased large quantities in excess of normal takings of agricultural and other products in that area in order to preclude their acquisition by Germany. Moreover, transportation difficulties, such as the reluctance of some of the Balkan countries to permit their railway cars to be sent to Germany (owing to the delays in their return) and the Danube's being closed to traffic owing to the unusually severe winter, have militated to some extent against Germany's procurement of supplies from that area.

---

[27] Release by U.S. Department of Commerce, dated Oct. 15, 1939, regarding a statistical analysis prepared by the Division of Regional Information, Bureau of Foreign and Domestic Commerce.

Even if all these neutral and neighboring European countries still commercially accessible should continue their customary exports of foodstuffs to Germany, that country's food deficiencies would not thereby be covered, particularly with respect to edible oils. (Approximately 95 percent of Germany's total oilseed imports are from oversea areas.)[28] Under pressure from Germany, foodstuff imports from these European countries may be increased somewhat, but the main difficulty is Germany's shortage of foreign exchange and the increasing reluctance of several nearby countries to trade on a clearing or barter (compensation) basis.

Allied seizure of German exports, beginning December 5, 1939, in retaliation for Germany's indiscriminate use of mines, has virtually brought to a standstill the shipment of German goods to oversea areas, thereby greatly reducing foreign-exchange receipts and in turn diminishing Germany's ability to pay for foodstuff and other essential imports. Exports to the oversea neutral countries plus those to enemy countries during the first half of 1939 represented 45.8 percent of the German total to all countries but accounted for a much larger percentage of the exports for which payment was made in foreign exchange.

Should further neutral countries of continental Europe become directly involved in the present conflict through invasion, Germany's food supplies from such countries would doubtless be substantially reduced. (This appears to have been Germany's experience during the World War.) To that extent the present Allied blockade would make itself further felt with regard to the German food-supply situation. Although a great deal was made in the German press of the great quantities of raw materials (including food and feed) to be obtained thenceforth from the Soviet Union under the provisions of the Soviet-German trade agreement concluded on February 12, the actual quantities that the Soviet Union may be able to deliver are problematical, at least for the next year or so.

No serious breach in the Allied blockade against Germany has thus far been made through the latter's naval and air operations, notwithstanding the amount of Allied and neutral shipping destroyed. During the first 6 months of the present war (September through February) 1,234,911 gross tons of Allied and neutral and 153,531 tons of German shipping were sunk, according to the cumulative tabulation compiled by the *New York Times*. The estimated total gross tonnage of merchant shipping of all nations sunk during the first 6 months of unrestricted submarine warfare in 1917 was 3,856,300. This was an average of 21,308 tons a day, compared with a daily average of 7,629 tons in the present war.[29] It may also be pointed out that the Allied powers seized around 1 million tons of contraband goods destined directly or indirectly to Germany during the first 6 months of the present war.[30]

---

[28] In view of the existing strain on, and condition of, the Soviet Union's railway system, the German announcement on Oct. 27, 1939, that 1 million metric tons of soybeans would be imported from Manchuria overland was received with skepticism in certain non-German circles. This applies likewise to another German announcement 3 days earlier that the Soviet Union would deliver to Germany within 2 months 1 million tons of feed grains.

FIBER AND LEAF-TOBACCO REQUIREMENTS

Germany requires large quantities of textile raw materials to clothe its population and provide textiles for household and other uses. In wartime, military requirements for clothing assume great importance. An adequate supply of leaf tobacco is also particularly desirable in wartime, inasmuch as a shortage of tobacco products is apt to influence morale adversely on the "home front" as well as that of the fighting forces.

TEXTILE RAW MATERIALS

The raw-material requirements of the German textile industry have increased heavily since 1933, owing to increased demand by civilian consumers and orders for public account. This enlarged demand has also been accompanied by a remarkable increase in the amount of textile raw materials (chiefly synthetic fibers) produced within Germany, in line with the national policy toward self-sufficiency wherever progress in that direction is possible. These developments may be seen from table 10.

TABLE 10.—*Utilization of textile raw materials in Germany, 1933 and 1938*[1]

ITEM	1933	1938
	1,000 short tons	*1,000 short tons*
Cotton	453	407
Wool	115	111
Flax	31	61
Rayon	35	74
Staple fiber	6	178
Hemp	19	65
Jute	119	127
Other hard fibers	65	87
Silk	2	3
Total	845	1,113
Home production	46	293
	Percent	*Percent*
Percentage home produced is of total	5.4	26.3

[1] Excluding regenerated materials, which in 1938 totaled 99,000 short tons.

Reichs-Kredit-Gesellschaft. Berlin, from official German sources. Conversions from metric tons.

---

[29] *New York Times*, Mar. 3, 1940.

[30] *Christian Science Monitor*, Mar. 1, 1940.

If domestically regenerated materials - wool shoddy and cotton shoddy - are included in the 1938 figure, the total of the textile raw materials available is raised to 1.2 million short tons, and the proportion of materials from domestic sources is raised to 32.4 percent. The kinds and amounts of domestically produced textile raw materials in 1938 are shown in table 11.

TABLE 11.- *Domestic production of textile raw materials in Germany, 1938*

TYPE OF PRODUCTION	QUANTITY	PERCENTAGE OF TOTAL
	Short tons	*Percent*
Industrial production:		
Staple fiber	171,000	44
Rayon	72,000	18
Total industrial	243,000	62
Regenerated materials:		
Wool shoddy	55,000	14
Cotton shoddy	44,000	11
Total regenerated	99,000	25
Agricultural production:		
Flax	32,000	8
Wool	9,000	2
Hemp	10,000	3
Total agricultural	51,000	13
Total domestic production	393,000	100

Halbjahrsberichte zur Wirtschaftslage, Schriften des Instituts für Konjunkturforschung, Berlin, May 26, 1939. Conversions made from metric tons.

Staple fiber accounts for the bulk of the increase in domestically produced textile raw materials in recent years. Its production rose from 5,942 short tons in 1933 to 171,000 in 1938 and should amount to around 220,000 tons in 1939, according to an official estimate before the outbreak of the present war.[31] Production of rayon has more than doubled since 1933. With regard to the increase in domestic production of agricultural fibers between 1933 and 1938, that of flax rose from 3,417 tons to 32,000 tons, hemp from 220 to 9,920 tons, and wool from 5,732 to 8,818 tons, an increase by more than one-half. The increased production, however, still accounts for only a small part of Germany's needs.

Notwithstanding the heavy increase in domestic production of textile raw materials since 1933, imports of such materials have also increased because of the enlarged total demand for textile products. In fact, imports of textile raw materials by Germany in 1938 were higher quantitatively than in 1928-1929.[32] The increase between 1936 and 1938 in imports of cotton, wool, jute, sisal, and hemp may be seen from table 8. Oversea countries accounted during 1938 for more than 85 percent of the cotton imports and more than 75 percent of the wool imports.

---

[31] *Economic Conditions in Germany in the Middle of the Year 1939*, Reichs-Kredit-Gesellshaft, Berlin, 1939, quoting an official of the Ministry of Economics. Productive capacity of all plants producing staple fiber should have been not less than 300,000 tons annually by the end of 1939, according to the same source.

[32] *Halbjahrsberichte zur Wirtschaftslage*, Schriften des Instituts für Konjunkturforschung, Berlin, May 26, 1939, p. 46.

On account of the steady increase in consumption and the reduced possibilities of providing for imported textile raw materials, the use of cotton was banned, effective July 1, 1939, for several purposes, such as for women's clothing, furniture fabrics and decorations, linings, and curtains.[33]

Severe rationing of a wide range of textile goods - men's and women's clothing, underwear, handkerchiefs, and stockings, as well as the chief items of household linen, was established in Germany by a decree dated August 27, 1939. For the rationed items, special purchasing certificates were required, and these were issued by the authorities on the basis of a "needs" test. This system seems to have proved difficult or cumbersome to administer, and it was replaced to a large extent by a new method through a decree published November 16, 1939.

Under the present textile-goods rationing system, each individual is issued a Reich clothing card allowing the purchase of rationed goods on a quota basis of 100 "points" per year, with a specified "point" value for each article. For example, a man's suit is valued at 60 points, a shirt at 20 points, a pair of socks at 5 points, a handkerchief at 2 points, a woman's woolen dress at 40 points, other dresses at 30 points, and a pair of stockings at 4 points. Stockings for women are the only articles for which a quantitative restriction is definitely listed, each woman being allowed to purchase only six pairs a year. Not covered by the point system are overcoats, bed and household linens, and certain other rationed items, for which special purchasing certificates are still required. Purchasing certificates for overcoats will be issued only against the surrender of an old coat.[34]

In order to administer the rationing of textiles (as well as soap, and certain other consumers' goods, State, Provincial (in Prussia), district, and local Economic Control Offices *(Wirtschaftsämter)* under the jurisdiction of the Ministry of Commerce, similar to the Food Control Offices, were established by the decree of August 27, 1939. It is difficult to determine how the present clothing rationing under the "point" system compares with normal peacetime requirements, but the best estimates available are that the permitted purchases for a middle-class family are scarcely more than 30 or 40 percent of the peacetime level, and for a worker's family possibly 40 or 50 percent.

LEAF TOBACCO

Germany's annual leaf-tobacco requirements are around 275 million pounds, of which somewhat more than 200 million are imported and the remainder domestically grown (73,113,000 pounds in 1938). About one-half of Germany's unmanufactured-tobacco imports are composed of oriental leaf from the countries of southeastern Europe for the manufacture of cigarettes, while usually about one-third is cigar leaf from the Netherlands Indies and Brazil. Imports of United States leaf have declined greatly since 1933, and in 1938 represented less than 5 percent of total leaf imports.

---

[33] *Economic Conditions in Germany in the Middle of the Year 1939*, p. 12.

[34] For further details, see the article, "New Textile Goods Rationing Scheme in Germany," *Foreign Crops and Markets*, Dec. 2, 1939. For a facsimile of the Reich clothing card, see "How Germans Buy Their Clothes," *Business Week*, Dec. 16, 1939.

An additional tax on tobacco equal to 20 percent of the retail sales price was established by the "war economy" decree, effective September 4, 1939. Nevertheless, cigarette consumption has increased considerably above normal since the outbreak of the present war, according to a report from the American consulate at Bremen. Cigarette sales during November, the third month of the war, exceeded by almost one-third the sales during pre-war months. Incidentally, 46.1 billion cigarettes were consumed in 1938, compared with 41.3 billion in 1937. For the first 6 months of 1939, the number consumed was 24 billion.

In order to prevent an irregular expansion in cigarette production and to avoid tensions that might arise therefrom, the German Tobacco Office issued new regulations, effective as of November 1, 1939, concerning the quantities of tobacco that may be used by cigarette factories. The production quota for the month of December was fixed at 115 percent of the basic quantity (as determined by the regulations) in order to meet the Christmas demand, but a gradual adjustment to pre-war consumption is reported to be contemplated for 1940. This is indicated by the allocation of 110 percent of the basic quantity, effective January 1, 1940.

Cigar production has been reduced through the leaf-tobacco quota restrictions imposed on the cigar industry in 1939 before the war began. The consumption of Brazilian leaf was reduced by 25 percent and that of Netherlands Indies leaf from 5 to 20 percent (depending on the output status of the individual cigar factories), effective April 1, 1939, on account of difficulties experienced in Germany's clearing arrangements with Brazil and the Netherlands.[35] In order to stop large sales, eliminate hoarding, and insure a more equitable distribution to their clients, retailers may not sell more than 5 cigars per day to a customer.[36] These developments account for some of the wartime increase in cigarette consumption above mentioned.

In an article, "Tobacco in the War," published in December in a semiofficial National Socialist Party periodical,[37] it is stated that Germany has contracts with southeastern European producers for the delivery of more than a year's supply of cigarette tobacco but that the situation with regard to cigar tobacco is not so favorable. It remains to be seen how much of the previous takings of cigar leaf from the Netherlands Indies and Brazil will be possible in the future. It is pointed out that in the fiscal year 1937-38 almost one-third of the leaf used in cigar manufacture was of domestic origin and about one-half of that used in smoking tobacco.

---

[35] Report from the American consulate, Bremen, dated Apr. 18, 1939.

[36] Report from the American consulate, Dresden, dated Oct. 27, 1939.

[37] *Die deutsche Volkswirtschaft*, Berlin, the second December 1939 issue, pp. 1117-1118.

The above-mentioned German article states that there may consequently be a shift from cigars to cigarettes and smoking tobacco and that there will be fewer brands of tobacco products than formerly but no shortage in the total available tobacco products for a foreseeable time. It is the mission of the German Tobacco Office to see that the proper provisions are made for raw materials and supplies in order to prevent dislocations in the manufacture and distribution of tobacco products.

Imports of cigarette tobacco from Greece represented almost 25 percent of Germany's total unmanufactured-tobacco imports in 1938 and accounted for around 20 percent of Greece's total leaf-tobacco production. The position of Germany in the Greek tobacco market is viewed with some degree of uncertainty, according to a December 1939 report from the American consulate at Salonika.[38] Whether Germany will continue its customary takings is the problem. It has even appeared dubious whether Germany would be able to pay for and take delivery of any considerable amount of previous purchases owing to the fact that the majority of German purchases have in the past been moved by water, a route now considered closed.

Greek and Yugoslav interests appear to have been reluctant to send goods into Germany in their own railway cars. Some effort, however, is being made toward moving tobacco shipments to Germany, since 130 freight cars arrived in Salonika for that purpose during a recent 6 weeks' period. It is estimated, however, that 1,500 railway cars would be required to move the whole German stock.

FOOD PRODUCTION IN WARTIME

Agricultural production in a belligerent country in wartime is influenced by many factors, which change the customary pattern of farming and necessitate widespread readjustments. Many experienced farmers and farm laborers are called to military service; changes may be made in the artificial-fertilizer supply owing to increased chemical raw-material requirements for explosives; horses are ordinarily requisitioned for the army; and feedstuff imports for livestock may be blockaded. In Germany, a great deal of study and planning has been devoted in recent years to the maintenance and possible increase of domestic food production in wartime. That country's World War experience in this regard has been thoroughly analysed in order, no doubt, to avoid the major mistakes made during that period.

WORLD WAR EXPERIENCE

Germany's agricultural output declined heavily in the course of the World War. This was true particularly of most field crops, hogs, and in a somewhat less degree of other livestock. In the first place, about 2 million farmers and farm workers were called to military service. The 700,000-900,000 war prisoners placed at the disposal of German agriculture were poor substitutes for an equal number of Germans experienced in farming. Moreover, the army took more than a million horses from the farming areas and so reduced particularly the agricultural output of the large estates in eastern and northern Germany, from which came the surpluses for the industrial west.[39]

---

[38] *Tobacco-Markets and Conditions Abroad*, U.S. Department of Commerce weekly issue of Jan. 16, 1940.

Another important cause for the decline in production of field crops was the greatly reduced utilization of artificial fertilizers, other than potash, during the World War. The utilization of phosphates dropped from 716,000 short tons (in 1913) to 255,000, and that of nitrates from 231,000 to 127,000 tons (80,000 tons only in 1915, before synthetic-nitrate production was developed). This was offset to some extent by an increase from 591,000 tons to 739,000 tons for potash, of which Germany has very large supplies; but the greatly reduced supplies of the very necessary phosphates, owing to the Allied blockade, represented a most serious deficiency in Germany's fertilizer position.

Production of the four principal grains (rye, wheat, oats, and barley) during the World War period registered an average aggregate decline of 4.4 million tons, or approximately 22 percent, from the pre-war production. Sugar-beet production declined by almost 35 percent, and hay production from 45 million tons in 1913-1914 to 31 million in 1918.[40]

The heavy drop in Germany's domestic feed production, in conjunction with the cessation of imports of protein concentrates from oversea sources and reduced feed imports from European countries, had a very adverse effect on livestock and milk production. Owing to the actual and anticipated shortage of feedstuffs, and because it was felt that direct distribution of grain and potatoes to the consumer would mean a higher per-capita calorie food supply than the meat produced from the same amount of grain and potatoes,[41] a heavy reduction in livestock numbers, particularly of hogs, took place. Hog numbers dropped from 25.3 million on December 1, 1914, to 17.3 million in 1915 and 10.5 million in 1918. The heavy slaughter in 1915 is referred to as the "swine murder" by National Socialist critics of Germany's World-War food and agricultural policy.[42] Cattle numbers declined from 21.8 million on December 1, 1914, to 17.7 million in 1918.

An organizational set-up for the promotion of agricultural production was instituted early in 1917. War Economy Offices were established in the Provinces and local districts. These consisted usually of two administrative officials, one transport official, a veterinarian, and six farmers. They were concerned with the procurement of labor, agricultural machinery, and work horses, and the encouragement of the full cultivation of all available fields. Their activity was limited to advice and assistance in maintaining production, however, for they had nothing to do with the procurement and distribution of farm output.[43] In striking contrast to this

[39] Aereboe, Friedrich, "Der Einfluss des Krieges auf die landwirtschaftliche Produktion in Deutschland," *Economic and Social History of the World War* (German series), Carnegie Endowment for International Peace, New Haven and Stuttgart, 1927.

[40] Hahn, Walter, *op. cit.*

[41] *German Agricultural Policy, 1918-34*, a study by John B. Holt, the University of North Carolina Press, 1936.

[42] Darré, Walther, *Der Schweinemord*, Munich, 1937, 148 pp.

[43] Hahn, Walter, *op. cit.*, p. 25.

situation during the World War is the highly organized and ubiquitous control by the Reich over every phase of German agricultural activity; however, many of the other basic problems and difficulties with which German agriculture was confronted in 1914-1918 obtain during the present war.

PRESENT FARM-PRODUCTION PROGRAM

An outline of Germany's wartime agricultural-production program was set forth in a long article by Herbert Backe, State Secretary in the Ministry of Food and Agriculture, published in the December 15, 1939, issue of the *Nationalsozialistische Landpost,* official organ of the Reich Food Estate. The wartime program, in general, is virtually the same as that under the "Battle of Production" of the past 5 years, but with particular stress now on the expansion of oilseed crops, inasmuch as the edible oil and fat supply is the most difficult food problem confronting Germany. This must not be done at the expense of reducing root-crop acreage, but can be achieved best by shifting from spring barley and maslin to oilseed crops, according to the article.

Emphasis continues to be placed on enlarged agricultural production in general, and on achievement of high yields per acre in the case of field crops, in addition to increased acreage. Other aims stressed by Backe in the wartime program are (1) expansion, or at least maintenance, of the root-crop acreage (potatoes, sugar beets, fodder beets, etc.); (2) increased cultivation of vegetables and fiber crops; (3) extension of a feed and fodder basis particularly adapted to German conditions, including the expansion of intermediate crops; (4) healthy and productive livestock, whose numbers are related to Germany's feed-and-fodder production basis; (5) and, of particular importance, the further extension and stabilization of the dairy industry as one of the most important sources of domestic fats.

This general wartime farm program is discussed in considerable detail for the 1940 season in a series of articles by various specialists, which were published December 23, 1939, by the Reich Food Estate.[44] Mention is made in the introductory article of the necessity of expanding oilseed production and, above all, of maintaining milk production at its previous high level. The latter will be possible only through the production step-up of appropriate domestic feedstuffs to offset the reduced supplies of oil cake available, it is pointed out. The present conflict is referred to as a "Food War," owing to the enemy blockade; and German agriculture, therefore, is one of the most important and decisive factors in achieving the final victory. One of the articles is devoted to the desirability of expanding poppy-seed production as a means of increasing the fat and oil supply.

In an earnest appeal to German farmers to prepare for the 1940 "Battle of Production," Field Marshal Göring set forth some new features (and reiterated many of the others) of the current farm program in the course of a long broadcast from

---

[44] "Leitzätze zur Kriegserzeugungschlacht 1940," *Mitteilungen für die Landwirtschaft,* Sonderheft 19, pp. 1075-1097.

Berlin on the evening of February 15, 1939.[45] Root crops (especially potatoes) are to be increased by 10 or 15 percent over the 1939 level. This will provide extra potatoes for feeding hogs, which in turn will improve the fat and bacon supply situation. A large increase in the acreage devoted to oil-bearing seeds should also be made; namely, to a total of at least 494,000 acres.

Inasmuch as the dairy industry is of vital importance, the price of butter is increased by the equivalent of about 8 cents per pound and whole milk by slightly less than 1 cent per quart, effective March 11. In return for the increased income.[46] German farmers are expected to reduce by two-thirds the consumption of milk on their farms, amounting to more than 3 billion quarts annually,[47] in order virtually to offset the amount of butter hitherto imported and to afford larger quantities to urban consumers of skimmed milk (the price of which is not increased). Those who are unable to pay the increased butter prices will be allowed to purchase corresponding quantities of margarine on their ration cards. (This is not calculated to improve the fat-supply situation, however, inasmuch as margarine is processed largely from imported raw materials.)

Another new feature announced by Göring is the payment in 1940 of the equivalent, roughly, of $40 per acre[48] for each acre of hitherto unused meadow or grazing land that is plowed up and devoted to arable crops. This is in line with this year's slogan for farmers, "Every acre must count." Göring exhorted that "everything must be brought out of the German soil that can be brought out of it, no matter what the cost. The Führer demands this of you. The whole German Nation expects it of you."[49]

The broadcast also included an appeal to neighbors to come to the aid of overworked and pregnant farm women whose husbands are at the front. The authorities will, within possible limits, release soldiers for the planting and harvesting seasons and restore requisitioned horses to the farmers temporarily. The Hitler Youth will also be used to do spring work on the land. Of particular importance was the statement that 1 million Poles would be brought to Germany, in addition to the Polish prisoners already there, to work on farms.

LABOR SUPPLY

The shortage of farm labor in Germany has been a problem of increasing urgency with each successive year of the "Battle of Production" since 1934. Owing to the spread in wages between urban and rural workers (including the perquisites of farm labor) and the differences in working and living conditions and certain other circumstances, there has been a heavy "flight from the land" in recent years. The Reich Minister of Food and Agriculture estimates that between 700,000 and 800,000 agricultural workers have left the farm for urban centers, or at least given up farm employment since 1933.[50]

---

[45] Berlin despatches in the *New York Times* and in the *New York Herald Tribune*, Feb. 16. 1940. Also United Press and Associated Press despatches from Berlin dated Feb. 15. A large part of the broadcast was published in the evening edition of the *Berliner Börsen-Zeitung*, Feb. 16, 1940.

[46] The price increases for milk and butter are equivalent to 7 and 13 percent, respectively, and amount to an annual gain to farmers of from 300 to 350 million reichsmarks ($120.000.000 to $140,000.000), according to a Berlin despatch in the *New York Times*, Feb. 19, 1940.

[47] Göring said, in this connection (in translation), "If this is not achieved, the price increases are not justified, and I shall not hesitate a moment to cancel them just as quickly as they were introduced." *Berliner Börsen-Zeitung*, No. 80. Feb 16. 1940.

[48] 240 reichsmarks per hectare.

[49] Berlin despatch headed "Göring Pleads with Farmers to Step Up Production," *New York Herald Tribune*, Feb. 16. 1940

German agriculture has received a certain amount of supplementary farm-labor aid since 1934-35 through the Labor Service, the Land Service, the Women's Labor Service (all three services for certain young people under a specified age), and other Government or Party agencies, but this has by no means offset the serious shortage of regular farm workers occasioned by the "flight from the land." So acute has the farm-labor shortage become that at recent harvesttimes it has been necessary to utilize industrial workers, university and secondary school students, and even members of the military services, to help with bringing in the crops.

To check or possibly reverse the flow of labor from the land, various steps have been taken in recent years, notably the decree on February 13, 1939, for hindering movement from one job to another throughout the whole of agriculture and forestry.[51] On the other hand, steps have been taken to encourage the improvement of housing and of working conditions of farm laborers, and so on. Wages of farm labor have also been increased in recent years, but they are still far below the industrial wage level even if all farm perquisites are included.

With hundreds of thousands of farmers and farm laborers called to military service in the present war, the problem of an adequate farm-labor supply assumes outstanding importance. For the present, the regime is attempting to take care of the situation primarily through the employment of 800,000 to 1,000,000 foreign agricultural workers (preponderantly Polish) in addition to some 300,000 Polish prisoners of war already so employed. Besides the number from Poland, about 30,000 are to come from Italy, 25,000 from Slovakia, and from 2,000 to 3,000 from the Netherlands, as well as an undetermined number from Yugoslavia and Hungary, according to an official announcement.[52]

Recruiting of Polish laborers is centered in the administrative cities (including Warsaw and Cracow) of the so-called Government General. Polish farm workers will get a higher wage than that prevailing in former Poland but below the German level. They will be permitted to send an average of 50 reichsmarks (nominally about $20) per month to their families in Poland.[53] It is stated that 140,000 Polish civilians, of whom about 40 percent are women, have already signed up for farm work in Germany.

[50] *Economic Conditions in Germany in the Middle of the Year 1939.*

[51] *Ibid.*, p. 18.

[52] Associated Press despatch from Berlin in the *New York Herald Tribune*, Mar. 5, 1940.

[53] Berlin despatch in the *New York Times*, Mar. 5, 1940

Until recently, German girls under 25 were subject to compulsory labor service in agriculture or households (for at least 1 year) only if they later desired industrial or commercial employment as workers or employees. Now, however, the Women's Labor Service has been extended, and it is reported that an annual contingent of 100,000 is available and has been assigned exclusively to agriculture.[54]

FERTILIZER[55]

As part of the German wartime measures for regulating the national economy, restrictions were placed on the consumption of phosphate and nitrogen fertilizer shortly after the outbreak of the present war. Potash, of which abundant domestic supplies are available, was excepted. Nitrogen fertilizer consumption in the old Reich was reduced to 75 percent of the level for the year 1937-38, with permitted consumption at the full 100 percent for Austria and Sudetenland. This was primarily a precautionary measure to safeguard supplies for possible enlarged utilization in munitions, as indicated by an increase in the consumption quota to 95 percent for the old Reich and 125 percent for Austria and the Sudetenland through an official decree dated January 22, 1940.

The wartime consumption quota for phosphates remains unchanged, however, at only 40 percent of the trade level of the 1936-37 fertilizer year for all parts of present Germany except former Austria and the Sudetenland, which are allowed an 80-percent quota. This is because Germany, except for certain amounts of basic phosphate slag (byproduct from iron and steel production) is dependent upon foreign countries, chiefly oversea, for the bulk of its basic raw materials for producing superphosphates and other phosphoric-acid fertilizers. This is a very serious deficiency in Germany's wartime supply situation for fertilizers.

TABLE 12.—*Consumption of commercial fertilizer in Germany,*[1] *1933-34 to 1938-39*

AGRICULTURAL YEAR	NITROGEN[2]	POTASH[2]	PHOSPHORIC ACID[2]	LIME[2]
	1,000 short tons	*1.000 short tons*	*1.000 short tons*	*1,000 short tons*
1933-34	422	791	519	1,483
1934-35	471	903	618	1,594
1935-36	541	1,041	719	1,888
1936-37	629	1,055	718	1,845
1937-38	699	1,271	762	2,197
1938-39	791	1,382	826	2,072

[1] Old Reich, *i.e.*, excluding the territorial acquisitions of 1938 and 1939.

[2] Pure content.

---

[54] Weekly report of the semiofficial German Institute for Business Research, Berlin, dated Feb. 3, 1940.

[55] This subsection is based on material in reports prepared by Sydney B. Redecker, American consul, Frankfort on the Main as follows: *War Restrictions on German Fertilizer Consumption,* Oct. 14, 1939; *New High Record in German Fertilizer Consumption,* Feb. 6, 1940; and *Increased German Nitrogen Trade in 1938-39,* Dec. 20, 1939.

Commercial-fertilizer consumption in Germany has increased by almost 65 percent since 1933-34. Under governmental pressure and in line with the National Socialist policy of maximum farm production, established cartel prices in Germany for fertilizers, except superphosphate, have been repeatedly lowered in recent years. Prices of nitrogen fertilizers were reduced by an average of 30 percent, effective January 1, 1937, while potash prices were lowered by 25 percent, effective May 16, 1937. The development of Germany's commercial-fertilizer consumption since 1933-34 is shown in table 12.

Although lime-fertilizer consumption is very large quantitatively, it accounts for only about 5 percent of the total annual expenditure for artificial fertilizers. Nitrogen fertilizer usually accounts for about 48 percent, phosphate for 27 percent, and potash for 20 percent. It may be noted from table 12 that nitrogen fertilizer registered the largest gain (87 percent) between 1933-34 and 1938-39, followed by potash (75 percent). The much smaller gain for phosphates in relation to nitrogen and potash since 1935-36 was due in part to Germany's foreign-trade policies and the resultant lack of foreign-exchange reserves to import crude phosphate materials from oversea sources to the extent warranted by potential domestic demand. Owing to the existing Allied blockade these oversea supply sources are now cut off.

German agricultural authorities are reported to be considerably concerned regarding the deficient supplies of crude phosphate. It is stated that Germany's position with reference to this important plant food is considerably more unfavorable now than at the outbreak of the World War. In fact, the phosphate situation is particularly unfavorable at the present juncture because of the insufficient use of phosphoric-acid fertilizers in recent years, coupled with more intensive cultivation in order to achieve greater yields and the growing of intermediate crops and more root crops. As a result of these trends, German farm soil is considered to be much more deficient in phosphate than ever before. As the war continues, Germany's phosphate problem will become increasingly serious.

On the other hand, it is not anticipated that Germany will have any special difficulties in regard to satisfying its agricultural needs for either nitrogen or potash under existing war conditions. In 1934, Germany was credited with installed capacity for manufacturing over 1,300,000 metric tons of pure nitrogen annually, of which, until recent times, not much over 50 percent was utilized owing to insufficient demand. Potash fertilizers are expected to continue in abundant supply from the virtually inexhaustible domestic potash resources. With oversea markets cut off by the blockade, large additional amounts of potash hitherto exported will doubtless be available for domestic consumption.

FARMING EFFICIENCY

In line with the present regime's strenuous efforts to increase domestic agricultural output (the "Battle of Production," further intensified under the Four-Year Plan adopted in the autumn of 1936), every encouragement has been given to increasing German farming efficiency.[56] Far-reaching changes in farm-management practices and

[56] Steere, Loyd V., *op. cit.*

considerable shifts as between various crops have been made. A greater use of artificial fertilizers (through price reductions, as pointed out above), an increase in the area of high-yielding crops, the more efficient utilization of feedstuffs, the more widespread use of improved seed, and the better breeding of livestock have been some of the important developments in Germany's increased farming efficiency in recent years.

Of particular significance, however, has been the official attitude toward "rationalization," or the mechanization of farm operations. In view of the stringent farm-labor problem, every sort of labor-saving device has been considered desirable from the standpoint of national economic policy, provided it does not mean less intensive production. Expenditures for farm machinery and equipment have risen from 613 million reichsmarks in the crop year 1932-33 to 1,311 million in 1937-38.[57] In regard to the available supply of labor-saving farm machinery, however, it was pointed out in 1939 that "raw-material difficulties have represented a serious obstacle, since they have in some cases involved very long delivery periods with respect to tractors and machinery."[58] Germany had about 57,000 farm tractors early in 1939, compared with 50,000 for Great Britain with an arable-crop acreage much less than that of Germany.

While machinery can, more than most other farm aids, increase production and cheapen and ease performance, the machanization of German agriculture has very definite limits. This is because it meets with greater difficulties when carried out on small farms than when it is introduced on large farms, for several reasons. Over 95 percent of the farms and about 80 percent of the agricultural acreage in Germany are accounted for by peasant holdings, which indicates the basic difficulty of achieving more widespread farm mechanization.[59] Furthermore, it adds to the needs for oil and gasoline, which must be imported.

The volume of Germany's total agricultural production has risen steadily since 1932-33 when it was slightly higher than the 1928-29 level. This increase in total production has been achieved for the greater part through progressively increased yields for most of Germany's principal farm crops. This development has been facilitated by the heavy reduction in fertilizer prices, increased mechanization, tax easements, reduction in the hitherto high electric-current costs in many rural areas, a fairly favorable price policy for farm products, and other farm aids of various kinds to stimulate production.

German agriculture seems to be less favorably situated financially, however, than the production situation would imply. The growing tendency of farm expenses to keep pace with and even overtake rising farm income has been especially burdensome in the small-farm areas of southern and western Germany.[60]

---

[57] Decken, Hans v. d., "Die Mechanisierung in der Landwirtschaft," *Vierteljahrshefte zur Wirtschaftsforschung*, Berlin, Jan. 5, 1939.

[58] *Economic Conditions in Germany in the Middle of the Year 1939.*

[59] "The Problems of German Agriculture," in the weekly report dated May 23, 1939, of the German institute for Business Research.

[60] Report by the American agricultural attaché, at Berlin, dated Dec. 15, 1938.

According to a profit-and-loss balance sheet for German agriculture during the farm year 1937-38, calculated by Dr. Hermann Reischle, Chief of Staff to the Reich Food Estate, there was an income deficit of about 4.5 billion reichsmarks, if the estimated money value of work done by farmers themselves and members of their families, together with interest at 4½ percent on the total net capital invested in German agriculture is allowed for. The semiofficial German Institute for Business Research using other methods than Dr. Reischle and with different ends in view, estimates the underpayment in total agricultural incomes as compared with actual work done at 4.3 billion reichsmarks for the same farm year.[61] The situation, however, is by no means as unsatisfactory as these two estimates would imply, inasmuch as the regular report compiled by the Reich Central Statistical Bureau showing the operating expenses and cash income of German agriculture for 1937-38 indicates a net cash income of approximately 2.8 billion reichsmarks.[62]

PRODUCTION OUTLOOK

Owing to the complex factors involved, no attempt will be made definitely to forecast the trend of Germany's total agricultural production during the present war, even assuming normal weather conditions. In addition to the changing conditions in wartime connected with farm-labor supply, and so on, socio-political and military imponderables may develop that would have great bearing on the agricultural situation. It may be useful, however, to outline the major factors of an agricultural nature calculated to influence favorably or adversely Germany's total wartime farm output. On balance, analysis of these factors seems to indicate that a decline in production, rather than maintenance or increase of total farm output, is likely.

To begin with the favorable factors, it should be stressed that the Government (and party) has a high degree of control over German agriculture through the network of the various components of the Reich Food Estate throughout the country, in sharp contrast with the situation during the World War. This control has been improved and intensified in the course of some 7 years' experience since its establishment. The successive "Battles of Production" since 1934 under the direction of a corps of Government and party specialists may be viewed as affording a basis for planning and controlling the nation's agricultural production in wartime. Prior to the World War, no plans for wartime food production (or distribution) had been made, as far as is known.

Statistical information relating to agricultural production and resources is far more comprehensive than it was prior to 1914 or even prior to 1933. Fairly complete data as to stocks (including reserves) of foodstuffs and feedstuffs are thought to be available to the Reich authorities, in contrast with rather meager data in this connection at the outbreak of the World War.

---

[61] Both estimates are set forth in tabular form in the semiannual report of the Reichs-Kredit-Gesellschaft, Berlin, dated July 5, 1939 The report stated: "In both respects [adequate returns and availability of the necessary labor] complaints are heard from agriculturists, demanding for themselves an improved position in relation to the rest of the economic system."

[62] *Germany's Economic Situation at the Turn of 1938-39.*

Farming efficiency is at the highest level thus far achieved in Germany, it is believed. Mechanization has proceeded apace under the National Socialist regime in order to offset as much as possible the farm-labor shortage The consumption of artificial fertilizer has attained record levels in recent years. Progressively increased yields for most of Germany's principal field crops have also been recorded under the drive for national food self-sufficiency, but this may be a vulnerable as well as a favorable factor in wartime production, as will be discussed later when the potentially adverse factors are outlined.

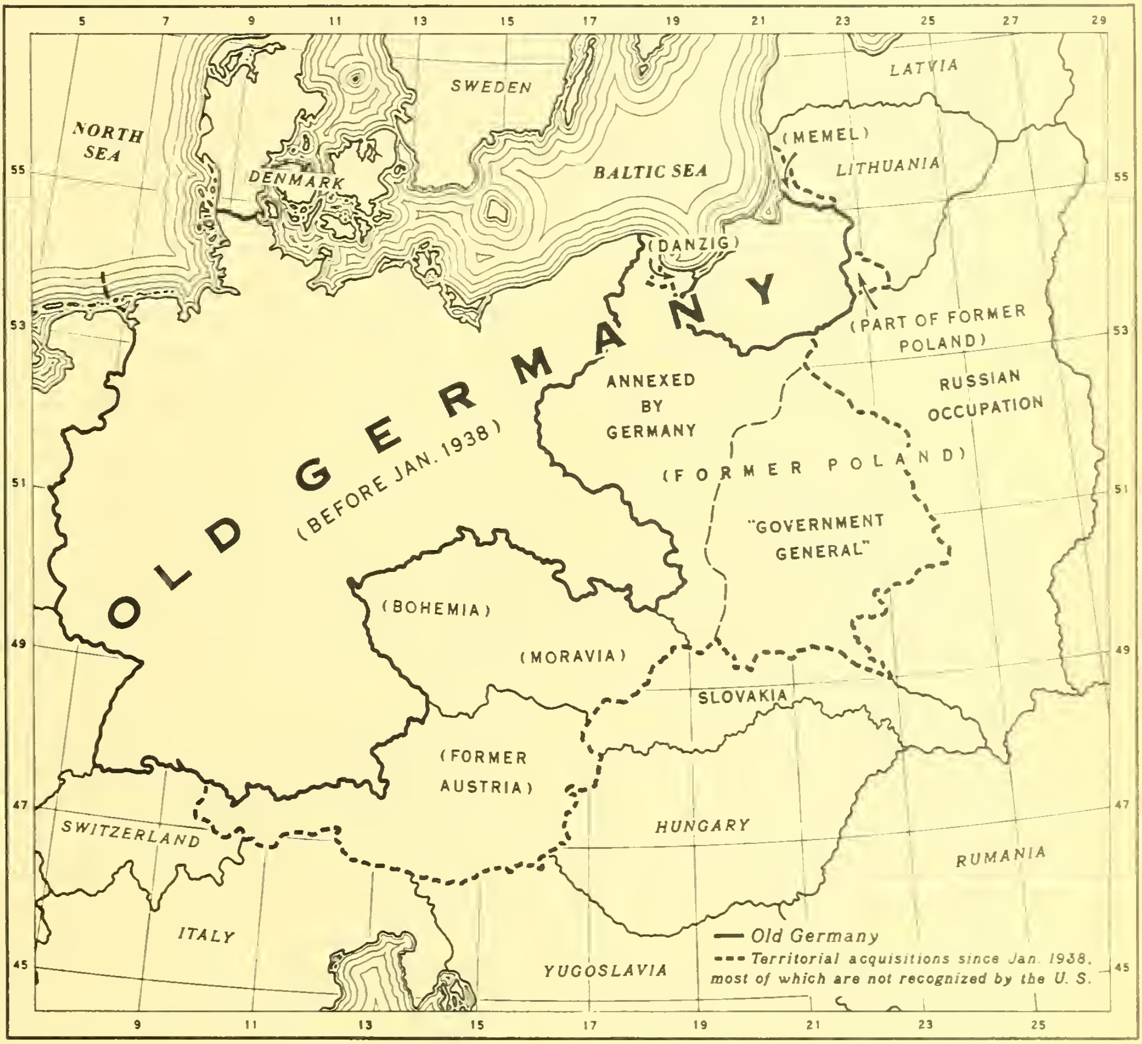
More than adequate domestic supplies of potash and probably adequate supplies of nitrogen fertilizer will likely be available to German agriculture during the present war. On the other hand, there is a serious deficiency in phosphates, which cannot be fully offset by other kinds of commercial fertilizer.

The regime's price policy for farm products on the whole has been favorable to German agriculture and calculated to stimulate production, particularly until the end of 1936. Domestic prices of several important farm products - wheat, rye, butter, sugar, and wool, for instance - have ranged from 200 to 300 percent or more above world prices in recent years. Since 1936, however, there has been a growing tendency for production costs to keep pace with, and even overtake, rising farm income, particularly with regard to the smaller farms, which account for more than three-fourths of Germany's total agricultural acreage.

Field Marshal Göring's impassioned plea over the radio on February 15 of this year to maintain and increase farm production wherever possible would indicate that the regime is seriously concerned about the matter. His threat to cancel the new price increases for butter and whole milk in case the total milk consumption on German farms is not reduced by two-thirds is thought to be significant. In this connection the psychology of the German peasant is to be reckoned with. His sympathetic cooperation or passive resistance (regardless of the amount of organizational control over his farming operations) will be of considerable importance in the country's total wartime agricultural output - whether it increases or drops below the 1939 level.

Among the potentially adverse factors involved in Germany's wartime farm production are the farm-labor situation, the shortage of phosphate fertilizers, and the deficiency in protein feed concentrates. Of particular importance, in conjunction with the factors just mentioned, is the fact that yields (of field crops) have reached record levels in recent years through the greater use of fertilizer and other improved farming practices under the intensified "Battles of Production." Consequently, any let-up in the previous intensity of effort, the use of less skilled and less experienced farm labor than heretofore, or substantial reductions in the amount and necessary kind of fertilizer hitherto utilized, would likely reduce Germany's total wartime farm output significantly.

In other words, the record yields and highly intensified farming operations in vogue preceding the present war tend to make Germany vulnerable, rather than the reverse, in maintaining maximum farm output under changing conditions in wartime. Moreover, it is important to bear in mind that German agriculture (along with other segments of the national economy) has been keyed up to maximum effort for some 6 years under the prevailing "military economy," and that some lag or adverse reaction would very likely in time have supervened even had the present war not occurred. Men, as well as machines, "wear out" under prolonged maximum activity. In the case of men, the resultant psychological (and psychic) exhaustion may be of more significant influence than physical exhaustion.



U. S. DEPARTMENT OF AGRICULTURE NEG. 38201 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 2.-Germany, showing territory occupied since January 1938.

Germany's acute farm-labor shortage prior to the present war has already been discussed in detail. Even if the authorities succeed in bringing a million Polish farm workers to Germany, these, plus some 300,000 Polish prisoners of war already there, will not likely be satisfactory substitutes for the hundreds of thousands of German peasant-cultivators and experienced farm laborers now in military service.

Polish farm laborers are not accustomed to working with modern agricultural machinery to the same extent as German workers, nor is their working efficiency thought to be as high as that of German farm workers. Moreover, the Polish workers would scarcely feel any patriotic urge to promote German farm output. (Indeed, it will not be surprising if isolated instances of sabotage by Polish workers occur.)

Although potash and nitrogen fertilizer will likely be available in ample quantities, the shortage of phosphates, owing to the Allied blockade, is reported to be a matter of serious concern to German authorities. This is because the soil in general is considered to be more deficient in phosphate than ever before, owing to the intensive cultivation in recent years, the growing of more intermediate crops and root crops, and the failure of phosphate utilization to keep pace with that of potash and nitrogen since 1935-36.

The present phosphate quota for Old Germany (Germany, before the territorial gains of 1938 and 1939) of only 40 percent of the 1936-37 consumption, if kept in effect longer than one growing season, is apt to have a serious effect on total farm output. This is because most field crops require a balanced application of plant nutrients in the form of chemical fertilizers, and a deficiency in phosphates cannot in many instances be offset by the increased use of potash or nitrogen.

It should be borne in mind that the greater part of Germany's agricultural soil is not naturally fertile and does not compare favorably in this regard with several other European countries. Both climate and soil are rather unfavorable for the production of crops high in protein.[63] Consequently, the shortage of protein-rich feed concentrates formerly obtained through oil cake and residue of oilseeds imported from oversea sources will likely react adversely to some extent on milk production and perhaps on cattle for slaughter.

In conclusion, it may be pointed out that the agricultural area of the old Reich cannot be expanded to any substantial extent; in fact, it has registered a net loss during the past 7 years, owing to the extension of airdromes and barracks and the construction of new, wide, national highways *(Reichsautobahnen)*. In regard to the nearby acquired territory, the amount of expansion possible in the farming area is problematical and the cost per acre would no doubt be high.

---

[63] Jasny, N., "Germany's Capacity to Produce Agricultural Products," *Foreign Agriculture*, May 1937, p. 221

§

TURKISH AGRICULTURE - CHANGING AGRO-ECONOMIC POLICY . . . . .

By N. William Hazen*

Turkey is predominantly an agricultural country, farm products accounting for about 90 percent of the country's total exports. At the outbreak of the present war, Germany took more Turkish products than all other countries combined, a situation which caused considerable apprehension in Turkey. Disruption of normal shipping routes and the desire of the Allies to put an end to Germany's penetration in the Near East gave Turkey an opportunity to shake off German economic domination. Great Britain and France have agreed, for the duration of the war, to take much of the Turkish tobacco and dried fruit formerly exported to Germany. It is anticipated that this agreement will result in a reduction in the exports of these products from the United States to the United Kingdom and France.

AGRICULTURAL PRODUCTION

PHYSICAL CHARACTERISTICS OF THE COUNTRY

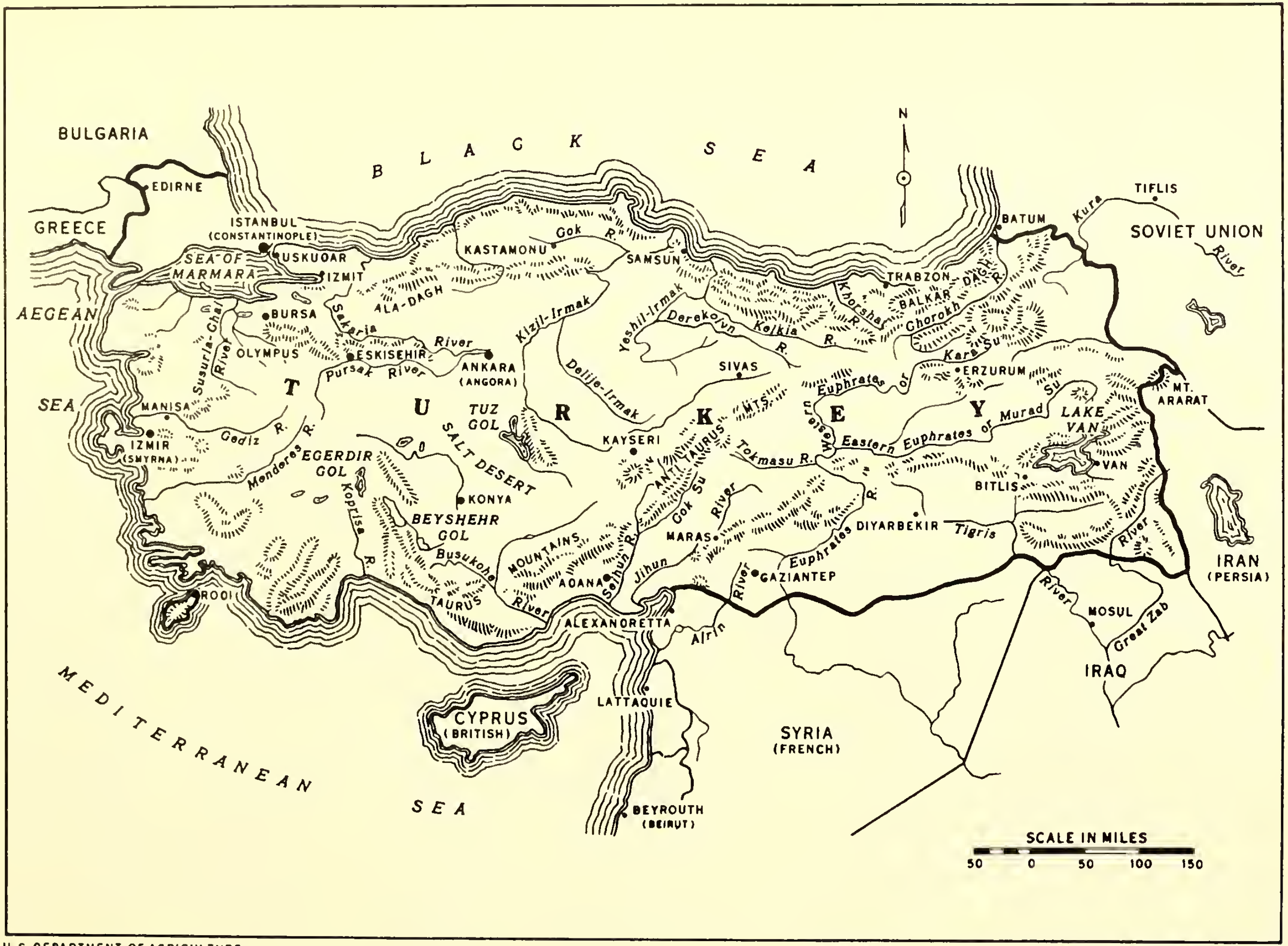
Modern Turkey, situated at the meeting point of Asia and Europe, is made up of two parts: Turkey in Europe and Turkey in Asia. The former consists of a small area at the southeastern tip of the Balkan Peninsula, and the latter is formed by the plateaus of Asia Minor. The total area of the country is 294,492 square miles, or is nearly as large as Washington, Oregon, and California together. This is as large as Rumania, Yugoslavia, Bulgaria, and Hungary combined. Turkey in Europe has an area of 9,895 square miles, or only one-thirtieth of the total. In 1935, Turkey had a population of 16,201,000, or 55 persons to the square mile,[1] compared with 127,521,000 and 42, respectively, in the United States. It is the most thinly populated of the Balkan countries, and at times experiences a shortage of labor.

Bulgaria and Greece form the western borders of European Turkey. In Asia, the borders are Soviet Transcaucasia on the northeast, Iran on the east, and Syria and Iraq on the south. The seas bathing Turkey's coasts are the Black Sea on the north, the Aegean on the west, and the Mediterranean on the south. The Sea of Marmara is an inland waterway between Turkey in Asia and Turkey in Europe. See map, page 222.

---

* Associate Agricultural Economist, Office of Foreign Agricultural Relations.

[1] It is estimated that at present the population exceeds 17.5 million.



U S DEPARTMENT OF AGRICULTURE NEG 38119 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 1.

Turkey in Europe is made up mainly of a low, chalky valley and the Istranca Hills parallel to it. These wooded hills exceed 3,000 feet in altitude at some points but decrease gradually to sea level at Istanbul. Turkey in Asia is formed of the plateaus of Central and Eastern Anatolia, with average altitudes of 2,500 and 4,000 feet, respectively. These plateaus are bordered by mountain chains along the Black Sea in the north and by the Taurus Mountains along the Mediterranean Sea.

The rivers of Anatolia are small, irregular, and turbulent, being mainly in mountainous regions. The principal ones are the Chorokh, Yeshil Irmak, Sakaria, and Menderes. There are several small lakes in Anatolia, but none in European Turkey. Lake Van is the largest (1,533 square miles), situated near the Turkish-Iranian border, with waters too salty for organic life. The principal lake of Central Anatolia is Tuz Göl, the water of which is saltier than that of the Dead Sea in Palestine. The region southwest of it has many small lakes.

The mountains surrounding the Anatolian Plateaus are the principal factors determining the climate of the country. They are responsible for the continental climate of Central and Eastern Anatolia and for the long months of drought, despite the fact that the country is nearly surrounded by seas. The typical maritime climate, however, is found only on the Aegean Coast and the mountain slopes facing the Mediterranean and Black Seas. Gradual changes in climate occur as one goes from the coast to the interior, with the rainfall decreasing and the average annual temperature falling accordingly. The average yearly precipitation in Turkey in Asia is about 13.8 inches, being highest on the eastern shores of the Black Sea (78.7 inches) and lowest in the central plateau (7.9 inches). The average yearly temperature for the city of Izmir on the Aegean Sea Coast is 61.3° F., dropping to 46.4° F. at Sivas in the central plateau, and to 38.3° F. at Kars near the Russian border.

The interior and eastern regions of the country, as well as most of the southern slopes facing the Mediterranean Sea, with the exception of the immediate coast, are made up mainly of infertile steppes. The Black Sea Coast is covered with trees, resembling somewhat the neighboring Russian, Bulgarian, and Rumanian shores. The western coast along the Aegean Sea and a narrow strip along the Mediterranean in the south, however, are the most productive regions of the country and give Turkish agriculture its Mediterranean character.

Administratively, the country is divided into 58 Vilayets, including the district of Alexandretta, which after its return to Turkey by France in June 1939 was made the Vilayet of Hatay.

IMPORTANCE OF AGRICULTURE

Turkey is preponderantly an agricultural country, with over 80 percent of the gainfully employed population engaged in farming.[2] Returns from agriculture account for about 70 percent of the national income, while approximately 90 percent of the exports are made up of farm products. Yet. until 1927 less than 5 percent of the total area of the country was cultivated. While this proportion has almost doubled in the last decade. there is room for much further expansion, the total arable land being estimated at about 30 percent of the country's area.

---

[2] The 1935 census lists 76.5 percent of the population as rural and 23.5 percent as urban. In farming sections of the Black Sea Coast and Central Anatolia, the rural population exceeds 90 percent of the total. The lowest percentage of rural element is found along the Aegean Sea Coast and some parts of the Mediterranean shores.

TABLE 1.-*Land utilization in Turkey, 1936*

UTILIZATION	AREA	PERCENTAGE OF TOTAL AREA
	1,000 acres	*Percent*
Total area of Turkey	*188.475*	*100*
Arable land	57 222	30.4
Forests	23,764	12 6
Pastures and meadows	66.717	35 4
Mountains and waste land	25 204	13 4
Lakes and marshes	2.347	1.2
Other	13,221	7 0

UTILIZATION	AREA	PERCENTAGE OF FIELD CROPS	UTILIZATION	AREA	PERCENTAGE OF TOTAL TREE CROPS
	1,000 acres	*Percent*		*1,000 acres*	*Percent*
Total field crops	*19,211*	*100*	*Total tree crops and vines*	*3,611*	*100*
Wheat	8.723	45 4			
Barley	4 492	23 4	Vines	855	23 6
Corn	1 047	5 5			
Rye	926	4 8	Olives	1,730	47 9
Oats	654	3 4	Mulberries	122	3 4
Other cereals	905	4 7	Filberts	494	13 7
Total cereals	16 747	87 2	Other nuts[1]		
Vetches	319	1 6	Walnuts	102	2.8
Chickpeas	175	9	Almonds	49	1.4
Onions	96	5	Total nuts	645	17 9
Other vegetables	613	3 2	Fruits[1]		
Total vegetables, etc	1,203	6 2	Apples	83	2 3
Cotton	627	3 3	Figs	55	1 5
Tobacco	210	1 1	Pears	38	1 1
Sesame	178	9	Plums and prunes	38	1 1
Poppies	66	5	Apricots	23	6
Sugar beets	71	3	Cherries	14	4
Other industrial crops	109	5	Peaches	8	2
Total industrial crops	1.261	6 6	Total fruits	259	7 2

[1] Calculated from the number of trees in Turkey on the basis of the average number of trees per acre in California in 1930

Compiled from the *International Yearbook of Agricultural Statistics 1938-39,* International Institute of Agriculture, Rome, and other official sources

Agriculturally, Turkey may be divided into three principal zones: (1) The rainy region of the north, bordering the Black Sea, which is suitable for the production of nuts, tobacco, fruits, livestock, dairy and poultry products, and timber. (2) The Aegean and Mediterranean Coasts, with hot, dry summers. Here are the richest farming sections of the country. Fruits, particularly grapes, figs, olives, oranges, and lemons, as well as tobacco, cotton, sesame, and timber are grown. (3) The semi-arid central region, which produces cereals, opium, sheep, Mohair goats, butter, and cheese.

Figure 2.-Poppy field in the vicinity of Afyon-Karahisar, the opium-producing center of Turkey. (Courtesy of the Turkish Embassy, Washington, D. C.)

The principal crops are cereals, especially wheat, which accounts for over half of the area planted to field crops. It is followed by barley. Next in importance come the industrial and fruit and nut crops, tobacco, cotton, opium, sugar beets, sesame, raisins, filberts, figs, and olives. Another important branch of agriculture is livestock production, especially of sheep, goats, and cattle, the tax on which supplies a large part of the Government's revenue. Pasture land represents about 35 percent of the total area of the country. It is mostly confined to the plateaus of Anatolia.

Despite great improvements introduced by the Government in recent years, farm implements and practices are far from modern. Because of an acute lack of capital in the agricultural districts, wooden plows, hand-made wooden rakes and pitchforks, and hoes and scythes made of cheap metal are used on many farms. Fertilizers and crop rotation are seldom used. Oxen are commonly employed as draft animals, and the use of power machinery is negligible. The bulk of the harvesting is still done by hand, and threshing methods are generally primitive. For several years the Government has encouraged the use of modern farm inplements and has distributed free some metal hand plows and facilitated the purchase of others by means of long-term credits. Efforts to improve the condition of the peasants are being greatly aided, even in the most backward regions of the country, by the rapid disappearance of illiteracy.

Government aid to farmers has taken several forms. The most important are the granting of credits through the State Agricultural Bank at low rates of interest and the development of agricultural cooperatives. Extensive land areas have been distributed to poor peasants in many regions of the country. Several agricultural experiment stations have been established, from which selected seed is given free to farmers, and new plant varieties and livestock types have been introduced. Agricultural instruction in schools has also been encouraged. The institution of the tithe, under which farmers turned over 12½ percent of their crop in kind to the Government, was abolished in 1925 and replaced by lower land and livestock taxes. The State policy on landownership is summarized in the 1935 party program of the Government, as follows:[3] "It is one of the principal aims of our Party to render each Turkish farmer owner of sufficient land. It is necessary to enact special laws of appropriation in order to distribute land to farmers owning no land."

---

[3] Webster, Donald Everett, *The Turkey of Atatürk*, published by the American Academy of Political and Social Science, Philadelphia, 1939, p. 313.

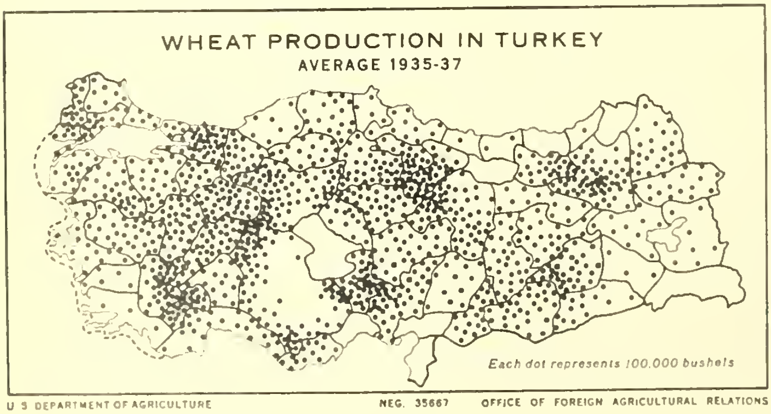
Because of its geographic position, the variety of its climate and soil, continuous Government encouragement, and especially the sturdiness of its farming population, the agricultural possibilities of Turkey are very great.

Figure 3.-Modern nursery at the foot of the Central Anatolian Plateau. (Courtesy of the Turkish Embassy, Washington, D. C.)

WHEAT

Cereals are by far the most important group of products in Turkish agriculture, the acreage under wheat, barley, corn, rye, and millet representing over 90 percent of that in field crops. Wheat alone occupies 9.5 million acres, or over 50 percent of the land under field crops. It is grown throughout Turkey, but the principal producing centers are the Aegean Sea region and Central Anatolia. See figure 4. About 75 percent of the production is of winter wheat.

As a result of Government aid, production in recent years has increased to such an extent that Turkey has been changed from a wheat-importing to a wheat-exporting country. Acreage and production increased from an average of 6,890,000 acres and about 92 million bushels in the 3-year period 1930-1932 to 8,832,000 acres and 143 million bushels during the 3-year period 1936-1938. At the same time, yields per acre showed an increase from 13.3 to 16.3 bushels.



WHEAT PRODUCTION IN TURKEY
AVERAGE 1935-37
Each dot represents 100,000 bushels
U S DEPARTMENT OF AGRICULTURE
NEG. 35667
OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 4.

The Government measure largely responsible for this development has been the regular purchase of wheat by the State Agricultural Bank at a price well in excess of world quotations (from 30 to 40 percent in 1938). The wheat law of July 5, 1932, establishing this State-purchasing system was a direct result of the depression, which hit wheat growers hardest during that year. This legislation stipulated that the State Agricultural Bank should purchase, store, and sell all wheat offered it by the farmers, under conditions fixed by the Council of Ministers. The losses incurred through these transactions were to be borne by the Government and the profits were to be used to construct elevators and warehouses.

From 1932 to 1938 the State Agricultural Bank bought about 20 million bushels of wheat at approximately 22 million Turkish pounds. A large portion of this wheat was exported and the remainder sold in regions of the country where the crop was inadequate to satisfy local needs. The purchase and storage of large quantities of grain required the construction of elevators, and the law of June 11, 1933, provided 3 million Turkish pounds for this purpose. Further appropriations were later made, with the result that at present elevators and warehouses have a capacity of over 7.5 million bushels.

Wheat is so important in the Turkish economy that it was singled out and discussed at the Fourth Congress of the People's Party of the Republic (the only legal party in Turkey) in May 1935. In formulating its program, the party decided:[4]

> "Not to let the price of wheat, which is first in quantity and value among our agricultural products, fall below its worth.
>
> "To widen and strengthen the measures to counteract the changes that may take place to the disadvantage of producers and consumers.
>
> "To this end, we shall continue the work of constructing grain elevators and warehouses, already begun. It is a duty to keep sufficient grain stocks to suffice in case of national defense or unexpected drought."

By the law of July 3, 1938, the Government established the Office of the Products of the Soil, which has taken over the control of wheat purchases and sales from the State Agricultural Bank and operates under the Ministry of Economy. Through purchase and sale of wheat this office is to prevent price fluctuations and speculation. It exports and imports wheat and standardizes the domestic product for commercial purposes. Existing and contemplated elevators and warehouses are its property and, with the approval of the Ministry of Economy, it may establish, buy, or operate flour mills and bakeries and carry on trade in flour. When feasible, the Army, schools, and other official departments and institutions have to buy their wheat, flour, and bread from it.

The primary reason for the creation of this new office was to improve the foreign market for Turkish wheat through standardization and price control. The capital stock of the office was set at 17 million Turkish pounds (about 13.7 million dollars), the Government promising to lend its assistance in case of need. Moreover, the office may, with the consent of the Council of Ministers, float bonds with or without interest. and contract loans up to 15 million Turkish pounds (about 12 million dollars). It may also establish agencies abroad.

---

[4] *Ibid.*, p. 312.

As a result of the 1939 record crop of about 169 million bushels and the decline in exports resulting from the war. the stocks of wheat held by the Office of the Products of the Soil have increased in recent months. In January 1940 they were estimated at 9.5 million bushels.

In order to improve Turkish wheat varieties. the Government has distributed large quantities of high-quality seed. In addition, about 170 centers have been created throughout the country to select seed wheat. The increase in yield per acre has been obtained through the establishment of a number of experiment stations and an active educational campaign among farmers.

The bulk of the wheat consumed locally is milled under primitive conditions by small water-power mills scattered throughout the country. In the principal centers of population, however, it is done in modern flour mills. Baking also is generally done in a somewhat primitive fashion, although the Government has begun the construction of modern bakeries in large cities. It is planned to have these operating by the end of 1940.

TOBACCO

History: Tobacco. which in value represents today the most important item in the foreign trade of Turkey. was introduced in 1602 from America. but for 85 years its consumption in any form was prohibited under penalty of death. It was not until 1687, after the trade had become an important factor in the economy of the country. that the Turkish Government removed the prohibition and substituted a tax for revenue purposes.

In Turkey tobacco soon acquired new qualities so different from those of the American product that a distinct type was developed. Turkish tobacco differs from American in size, shape, and taste. The leaf of the Turkish variety is much smaller than that of any American tobaccos. averaging about 3 by 4 inches and in many varieties being only 1 inch long. It is extremely thin. more than one thousand dried leaves weighing only 1 pound. The principal difference, however, lies in the taste: the Turkish is pungent. with a spicy aroma. which makes it highly valued by the American consumer when blended with domestic tobaccos.

As tobacco grew in importance in the foreign trade of Turkey, the Government feared its successful transplantation to countries possessing similar climate and prohibited the exportation of tobacco seed. Despite these prohibitions, seed was smuggled out of the country and on various occasions transplanted to southwestern United States, South America, and the Philippines. Such efforts proved fruitless. however, for the combination of Turkish soil and weather conditions could not be duplicated in other countries.

State Monopoly After the repeal of the prohibition of tobacco consumption in Turkey, various forms of State control were adopted, the control itself lasting almost 200 years. In 1884 the Government granted a monopoly for a period of 30 years, with options of renewal, to a foreign company, the Régie Co-Intéressée des Tabacs de l'Empire Ottoman. Under the system of the Régie, anyone who intended to grow tobacco in Turkey was required to appear before designated officials and apply for a permit for the acreage desired. This permit was granted only after the prospective grower had given proof of title to his property or lease from the owner. When the crop was advanced enough and before picking, the Turkish Government and the Public Debt Commission named experts to estimate it, and the producer paid a tax of 12½ percent of its value. Tobacco sales also were under the control of the Régie.

The foreign monopoly operated for 42 years, or until March 1, 1925, when it was terminated and turned over to the newly established State Tobacco Monopoly. In 1931, the latter was given the name of Direction of Tobacco Affairs and combined with the other Government monopolies under a single organization, the General Management of State Monopolies. The tobacco monopoly (1) enforces laws and regulations regarding the purchase and sale of leaf tobacco; (2) improves the principal varieties and fights diseases and pests; (3) buys directly from the farmer and handles and stores the tobacco necessary for its use; (4) manufactures cigarettes and other tobacco products; and (5) trains technical specialists both for field work and for the administration of the monopoly. The principal accomplishments of the monopoly in the last few years are the establishment of a tobacco institute to carry on scientific research, the erection of new warehouses, the securing of legislation for improvement of tobacco plants and of packing tobacco for foreign sales, the adoption of modern labor methods in factories, and the maintenance of experimental fields and a tobacco experiment station. As a result of this work, the State monopoly increased its sales from 9,732 short tons in 1931-32 to 14,090 tons in 1937-38. During the same period returns from sales increased from 36.5 million to 43 million Turkish pounds ($17,000,000 to $34,000,000), while profits advanced from 24.2 million to 29.2 million Turkish pounds ($11,000,000 to $23,000,000).[5]

Tobacco production and domestic trade are regulated by the law of June 21, 1938, on tobacco and the tobacco monopoly. The principal provisions of this law are summarized below.

> (1) Tobacco growing is forbidden in 27 Vilayets and in parts of 30, and is completely free in only 1. The Ministries of Customs Monopolies and Agriculture may authorize increases or decreases in planting in the same Vilayets.
>
> (2) It is forbidden to grow tobacco within 15 feet of a dwelling, and no other plants may be grown in a tobacco field.
>
> (3) Nurseries producing tobacco varieties must specialize in tobacco and may not grow any other product. The seeds and seedlings of tobacco favorable for one locality may not be planted in another section of the country without authorization of the monopoly.
>
> (4) All growers must declare to the monopoly the area to be planted in tobacco. After picking, the grower must pull out within 10 days all roots other than those used for producing seed.
>
> (5) The crop is to be estimated and registered in the fields during the period stipulated for each zone by the monopoly Estimates are made in the presence of the grower.

---

[5] Conversions made at the annual average rate of exchange for the given years.

(6) After the tobacco is picked, the grower may transport it freely to the shed or the drying establishment in his village. However, he must submit all his tobacco crop to the control of the Monopoly whether it is in the field, the drying shed, or put up for sale. If the crop is damaged in the field or in the drying shed, the grower must inform the monopoly within 5 days.

(7) In packing the crop, the grower must pack separately the clean and uniform-sized leaves and the irregular, discolored, and diseased ones. The bales must be of the same quality and type of tobacco throughout.

(8) Merchants holding tobacco stocks are required to register them with the monopoly. No one, except farmers possessing control cards and merchants registered with the monopoly are authorized to hold leaf tobacco.

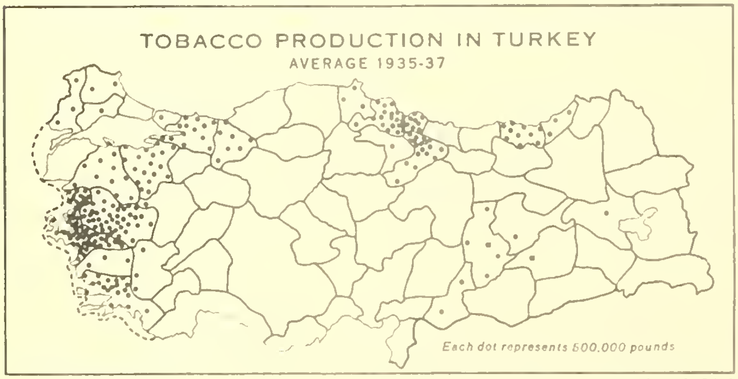
(9) Although the trade in leaf tobacco is unrestricted, the purchase of tobacco and its transportation to the interior of the country are subject to the control of the monopoly.

(10) The purchase of leaf tobacco for the handling and making of cigarettes, cigars, and chewing tobacco and the sale of these articles in Turkey are under the strict control of the monopoly.

Methods of Production: Although tobacco is the principal single item in the export trade of Turkey, its planting is limited by law to certain districts where both soil and climate are especially favorable to its production. In the same way, even though over 75 percent of the Turkish population is engaged in agriculture, tobacco growing is limited to a small group of specialists and skilled laborers.

In general, tobacco is grown on the southern side of hill slopes, well protected from high winds. When planted in flat country, straw mats are raised on poles over the plants for overhead protection. Three plowings are the rule, a light one in the summer right after harvest, a deep one in the fall, and another rather deep one in the spring, immediately prior to planting. Planting is done from selected seedlings grown in nurseries and takes place from early January to the middle of March.

Picking usually begins about 3 months after transplanting. It is done at night, under the light of oil lamps, after the dew has moistened the plants and the stems break easily without injuring the leaf. In general, not more than four leaves are taken from a plant at any one picking. During picking time the peasants leave their villages and settle near the tobacco fields in primitive huts covered with branches and held up by poles. After grading, the leaves are strung and hung up on wooden poles in the shady huts for a day before they are taken out for drying. Once exposed to the sun, their position is changed every 2 days until they are light in color.


TOBACCO PRODUCTION IN TURKEY
AVERAGE 1935-37
Each dot represents 500,000 pounds

U S DEPARTMENT OF AGRICULTURE NEG. 35669 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 5.

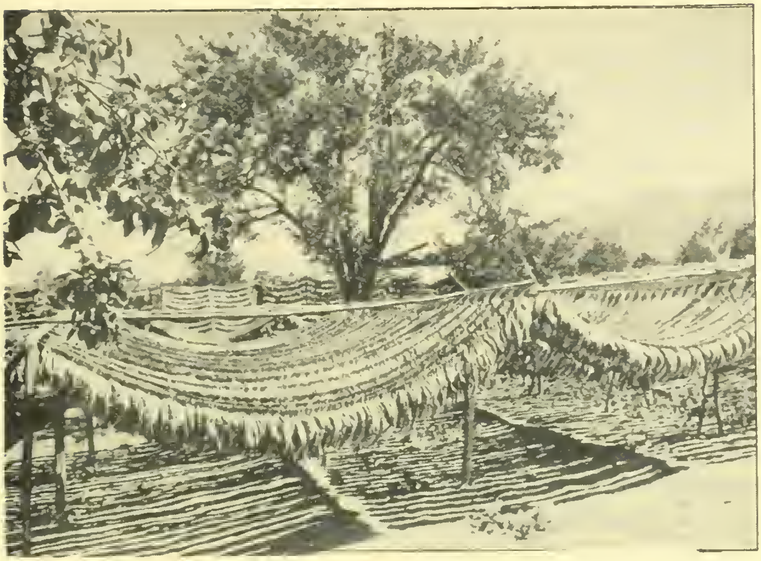


Figure 6.-Tobacco drying in the region of Samsun, on the Black Sea Coast. *(Turkey in Pictures*, courtesy of the Turkish Embassy, Washington, D. C.)

After from 20 to 30 days of drying, the strings of tobacco leaves are piled up and covered with blankets to be "cured." The leaves, now yellow in color, are generally packed in bales by hand and taken to warehouses to age. After 2 or 3 years of aging, the tobacco is released for consumption.

Acreage and production: The three principal countries producing Oriental tobacco are, in order of importance, Greece, Turkey, and Bulgaria. On an average, the Greek production is only slightly above the Turkish output, whereas Bulgaria produces only about half as much. The Turkish acreage and production of tobacco, the number of growers, and the districts where tobacco is to be grown are announced every year by the Direction of Tobacco Affairs. They vary from year to year according to sales and carry-over. During the past 10 years the smallest area planted was 69,000 acres in 1932 when production was only 39.7 million pounds, and the largest was in 1937 when 243,000 acres were planted and 162 million pounds produced. The largest number of tobacco growers in the past 15 years was 179,651 in 1925-26 and the lowest 48,875 in 1932-33, with 11,361 tobacco-growing regions in 1925-26 as against 3,034 in 1932-33. In the 5-year period 1934-1938, an annual average of 180,000 acres was planted, with production amounting to 124 million pounds and yields to 689 pounds to the acre. During the same 5-year period the area under tobacco in the United States averaged 1,500,000 acres with a production of 1,295 million pounds and yields of 863 pounds to the acre.

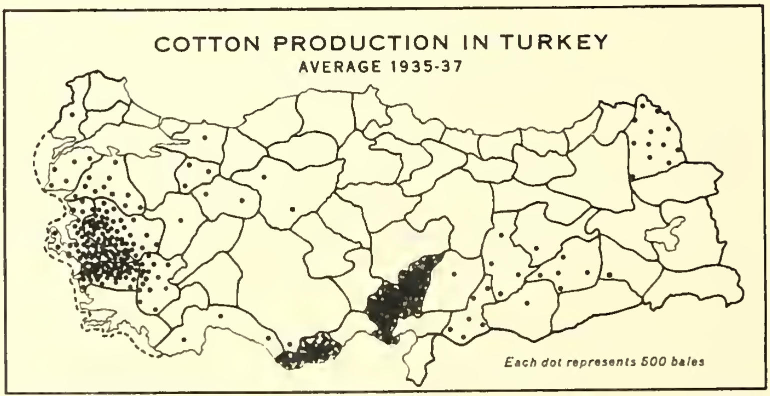
Turkish tobacco varies in type and quality according to the part of the country in which it is grown. There are five principal producing regions: (1) the Black Sea region where the most famous Macedonian types are grown (especially in the district of Samsun), with small leaves, light red in color, sweet, and very fragrant; (2) the Aegean Sea region, with the best varieties produced in and around Izmir (Smyrna) having a light yellow or a light red color, with excellent flavor and fine aroma; (3) the Marmara Sea region, where light red types are produced mainly for planting purposes; (4) the Inner Anatolia region, where the tobacco, which is consumed locally, has large, dark-colored, and aromatic leaves; (5) the Vilayet of Gaziantep, where the very strong, high-nicotine content, Hasankeyf tobacco is grown. This type is not consumed in Turkey, but is exported to Syria and Egypt, where it is smoked in water pipes. The Vilayets where tobacco production is heaviest are Izmir, Manisa, Samsun, Mugla, Bursa and Tokat. See figures 1 and 5.

COTTON

Cotton production in Turkey, which goes back to the first half of the nineteenth century, reached its peak during the American Civil War. The great demand for this fiber at that time resulted in a tenfold increase in the area. As prices fell at the end of the war, however, production declined, and many peasants returned to grain growing. In 1913, cotton production was estimated at 150,000 bales, of which 120,000 were picked in the district of Adana, Vilayet of Seihan, in south-central Turkey, and the rest in the Vilayet of Izmir, on the Aegean Sea.

Cotton production declined as a result of the World War and the Greco-Turkish conflict of 1919-1922. The average crop during the 3-year period 1923-1925 was only 92,000 bales from about 400,000 acres, showing a yield of less than 110 pounds to the acre. During the past decade, however, the Government has encouraged production through financial assistance to growers and improvement in varieties. As a result of this campaign, the area under cotton increased to 700,000 acres in the 3-year period 1936-1938, production averaged 280,000 bales (or about twice the 1913 output), and the yield per acre rose to 192 pounds.

Whereas the 1913 production was centered around Adana and Izmir, at present several other districts grow cotton, though Adana continues to be the principal cotton-producing center. The Vilayet of Ichel in the south on the Mediterranean Coast, however, and that of Manisa on the Aegean Sea each produce more cotton than Izmir. Another important center of production is the Vilayet of Aidin, also on the Aegean Sea. See figure 7.


COTTON PRODUCTION IN TURKEY
AVERAGE 1935-37

U.S. DEPARTMENT OF AGRICULTURE NEG. 35668 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 7.

For several years the Turkish Government has maintained a large experimental cotton farm near Adana and has devoted great care to seed selection with a view to improving the quality of cotton. Since 1937, American cotton seed of the Cleveland and Acala varieties have been distributed free to growers in selected districts, and every effort is being made to push the production of these varieties. It is believed that at present about one-third of the cotton acreage is planted to them. The bulk of the production is made up of a native cotton of Indian origin called Yerli, a short-staple variety possessing neither the length nor the fineness of the American types by which it is slowly being replaced.

At present cotton plays a more important role in the Turkish economy than in pre-World War years because, besides its significant place in the export trade, it provides raw material for the young but rapidly growing domestic textile industry.

Production, which has more than trebled in the past 15 years, can still be greatly expanded. Studies made by the Turkish Government indicate that in the region of Adana alone about 2 million additional acres are suitable for cotton production, which, under present yields, would produce about 800,000 bales. The same studies indicate that, with more irrigation and with yield and variety improvements, the cotton-growing districts of Turkey could produce over 2.5 million bales a year.

FILBERTS

Filberts are second in importance to tobacco in the agricultural export trade of Turkey. In fact, Turkey is the world's largest producer of these nuts, its crop being at times larger than the combined production of all other filbert-producing countries. The two other countries competing with Turkey on world markets are Spain and Italy. Turkish filberts, however, are usually of a better quality, used in pastry and confectionery, and are exported chiefly in the shelled form. In the United States, filbert production, which has expanded in recent years, is still small and the nuts are consumed domestically.

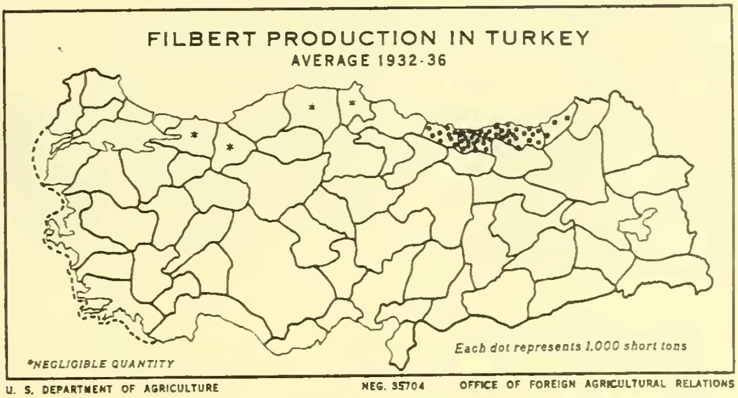

FILBERT PRODUCTION IN TURKEY
AVERAGE 1932-36
*NEGLIGIBLE QUANTITY
Each dot represents 1,000 short tons
U. S. DEPARTMENT OF AGRICULTURE
NEG. 35704
OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 8.

Turkish production is mainly in the eastern regions of the Black Sea, where soil and climatic conditions are favorable to filbert growing. The groves cover an area of about 125,000 to 135,000 acres, compared with an estimated 42,000 acres in Spain, 25,000 acres in Italy, and 9,500 acres in the United States. Annual production averaged 53,000 short tons during the 5-year period 1933-1937, compared with 26,800 tons in Spain, 22,500 tons in Italy, and 1,422 tons in the United States. Turkish production in the last decade has increased from an average of 36,000 tons in the period 1926-1928 to 46,500 tons during 1936-1938.

Filbert production is concentrated in the four Vilayets of Coruh, on the Black Sea near the Russian border, Trabzon, Giresun, and Ordu. See figure 8. In these Vilayets the coast is lined with filbert groves at an altitude of from 900 to 1,200 feet. Production is particularly heavy in the Vilayet of Giresun, where between 17,000 and 20,000 tons are produced annually. Trabzon and Ordu are next in importance, while production in Coruh is small. Filbert trees are also found in other regions, but production there is unimportant and the nuts are consumed locally. It is generally believed that only part of the sections most suitable for the production of this nut have so far been used. Turkish filbert production is capable of a greater increase than that which has taken place in the past 10 years and may therefore be expected to develop as new and regular outlets are found.

Filbert trees are generally planted in groups of 6 or 8 and begin to bear 5 years after planting. The nuts are generally harvested in August, the Government fixing the exact date. The average yield is about 535 pounds per acre, although in good crop years it exceeds 900 pounds. With the assistance of the State Agricultural Bank and the Ministry of National Economy, growers' cooperatives have been established. These provide their members with facilities to finance, handle, and shell their crops.

Because of the susceptibility of the bearing trees to weather conditions, the size of the filbert crop fluctuates widely from year to year. In general, however, a large crop is followed by a small or average one.

TABLE 2.-*Acreage and production of principal agricultural crops in Turkey, 1929 to 1938*

CROP	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
ACREAGE	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1.000 acres*	*1,000 acres*	*1,000 acres*	*1.000 acres*	*1.000 acres*	*1,000 acres*	*1,000 acres*
Tobacco	130	175	185	69	126	120	145	210	243	182
Poppies	86	115	134	80	111	50	63	66	65	75
Rice	85	54	53	58	67	104	111	101	70	56
Sesame	112	182	165	137	174	162	163	178	161	142
Onions	30	48	65	51	49	44	45	96	93	91
Wheat	6,856	6,942	7,172	6.564	6,638	7 798	8.474	8,723	8,266	9,507
Barley	3,411	3 739	3.667	3,373	3 401	3 976	4,260	4,492	4.362	4,853
Corn	1.146	935	1.040	900	1 353	1 079	1 012	1.047	1,117	1,170
Rye	549	494	609	419	850	679	756	926	835	1,138
Oats	433	411	473	342	452	449	566	654	532	613
Potatoes	164	78	112	74	88	161	115	135	136	133
Cotton	301	609	491	385	399	486	520	627	793	680
Sugar beets	26	22	37	43	28	7	63	71	74	96
PRODUCTION	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1.000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Tobacco	80.475	104.081	112.679	39,771	88,510	78 656	79,374	163,253	161,778	134.906
Opium	1,462	1,045	1,080	212	567	326	604	939	586	534
Poppy seed	18,918	45,077	44.742	12,793	19,846	9.561	14.500	41 422	16,859	20.935
Rice cleaned	123 017	51.147	83,113	104,498	102 415	159,017	198,068	163.035	109.357	93,023
Sesame	80,688	63.492	66,138	46,076	58,850	56.394	43,719	87,615	53.616	56.956
Onions	135.213	117.796	189,086	102,668	179,300	133.907	143.085	227,508	215.980	210,008
Raisins	112,435	77,161	66,138	143,299	121,253	99,207	154,322	165,345	92.593	176,368
Figs	72,752	55,115	61,729	55,115	61,729	57.320	74,956	79.366	74,956	79,366
Filberts	13,785	104,994	51,361	91,639	103.230	74 072	123,982	99.765	127,867	50,706
Olive oil	33,069	55,115	26,455	77,161	33.069	70.517	26,455	44.092	77,161	50,706
Valonia	88,184	66,138	99,207	83,775	121,253	99,207	61,729	154,322	88.184	138,890
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*
Wheat	99,874	95,032	109,959	71,128	98,149	99.712	92.640	141.583	132,996	156,720
Barley	78.039	70,574	82.882	76,592	73,420	76.810	62,992	98.915	104,609	110,272
Corn	24.535	18,532	22,194	16.785	21.638	19,255	17,965	26.956	21.301	23,096
Rye	13,035	12.223	18.018	8.441	10 403	9.589	8,508	17.673	13,331	17,791
Oats	9,731	11,238	8.113	8,664	14.292	10,939	15,983	14,817	15,438	18,149
Potatoes	4,905	4,198	4.040	2,718	3,926	7,832	3.885	6,791	6.852	6,143
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Cotton[1]	101	74	91	92	128	174	241	236	299	306
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Sugar beets	61 373	100 771	283 637	167,282	201,498	9,720	491,255	502,876	370,271	332,657
Sugar	3,757	14 111	24,966	30.099	71 741	64.663	59 334	72,626	56,851	46.876

[1] In bales of 478 pounds each

Compiled from *Annuaire Statistique*, Office Central de Statistique, République Turque, Ankara, and the quarterly Bulletins of the Banque Centrale de la République de Turquie. Ankara

RAISINS

Raisins are third - sometimes second - in importance in the export trade of Turkey. The soil and climate enable the production of the vine almost everywhere in the country up to an altitude of 4,500 feet, and many of the grape varieties produced are of a fine quality, with a delightful flavor. The principal commercial varieties are the seeded Razaki, Misket, and Tchavouch, and the seedless Sultana (Sultaniyé), the latter being the most important in the export trade. Most of the seedless varieties, of which Sultana represents 95 percent, are produced in the Aegean Sea region where they are dried for export. The best seeded varieties are grown in the sheltered valleys of Central Anatolia and around the Marmara Sea.

Grape production was much more extensive in Turkey before 1900, prior to the damage caused by the phylloxera. It suffered again during the World War and the Greco-Turkish War because of lack of labor. Since the establishment of the Turkish Republic in 1923, however, it has made a rapid come-back.

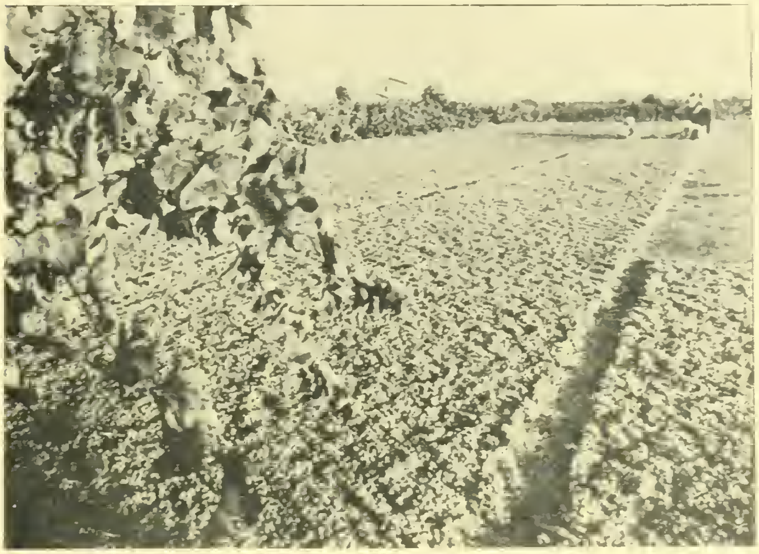


Figure 9.-Drying of Sultana grapes in an open field near Izmir (Smyrna). (*La Turquie Contemporaine*, published by the Turkish Ministry of the Interior.)

Raisin production increased from an average of 95.6 million pounds in 1926-1930 to 137.5 million pounds in 1934-1938, as compared with a reduction from 490 million pounds to 438 million pounds during the same period for California. Reliable acreage statistics for raisin grapes are not available. About 80 percent of the raisin crop of Turkey, including the finest types, is produced in the Vilayets of Izmir and Manisa. Only about 5 percent of the seedless raisins produced in Turkey is consumed locally, the bulk of the crop being exported.

In recent years the Turkish Government has assisted raisin growers in improving their methods of production and the varieties produced, has set up grades and standards to facilitate trade, and has encouraged the formation of raisin growers' cooperatives. It has established nurseries in various sections of the country where American seedlings have been developed and distributed free to growers. In 1934, 135,000 vines were distributed, 2.3 million in 1935, and over 2.5 million in 1936. Great care is used in the production of seedless Sultana raisins in the Aegean Sea region. A viticulture institute has been established at Izmir to improve raisin types and fight diseases and pests, and at many other Government stations in the same region specialists give free advice to growers.

In their fresh state, the seedless Sultanas are slightly oval in shape, have a clear amber color, are exceedingly thin-skinned, and have a very sweet flavor. Yields are poor, varying from 1,000 pounds per acre in the district of Karaburun, Vilayet of Izmir, to 3,000 pounds per acre in the valley of the Gediz River, Vilayet of Manisa. Yields in California, on the other hand, are much higher, varying from 1,500 pounds per acre in San Benito County to 14,000 pounds in Stanislaus County, with an average of 6,000 pounds for the State as a whole.

Picking takes place during August. The fresh grapes are dipped in a solution of potash and olive oil and dried in the sun for from 5 to 7 days. After drying, they are placed in bags and shipped to Izmir, where raisin merchants clean, select, and grade them prior to export. Production is almost entirely in the hands of small growers in the Izmir and Manisa regions, which offer great possibilities for expansion.

FIGS

Figs are another important item in the agriculture and the export trade of Turkey. It is even believed that figs originated on the Mediterranean slopes of the Anatolian Plateau, from whence they spread to the nearby islands and later to other Mediterranean countries and the United States.

The species of figs grown in Turkey is the *Ficus carica*. Among the varieties belonging to this species, the Smyrna fig is the best known and the most widely used domestically and in the export trade. The bulk of the Turkish fig production centers in the four Vilayets of Izmir (Smyrna), Mugla, Aidin, and Denizli, on the Aegean Sea Coast, where the area planted is estimated at about 60,000 acres with over 3 million fig trees.

The production of figs for drying takes place almost exclusively around Izmir. The climate here is particularly favorable for this type of fig. The figs are sweeter, have a finer skin and better keeping qualities, and are better adapted to drying than in other regions of the country. The principal commercial varieties of figs for drying produced around Izmir are Sari Lop, Gok Lop, and Tchengueldje. In general, they have a high sugar content, very thin and light-colored skin, and heavy weight.

The production of Smyrna figs requires caprification. Many growers have their own caprifig trees, although these are not usually found in the vicinity of the Smyrna-fig orchards. Caprification, which is universally practiced, is generally done by stringing caprifigs on reeds, which are then hung on the branches of the Smyrna-fig trees. Two or three distributions are made beginning early in June. Smyrna figs start to ripen in the latter part of August and picking continues until early November. The figs are dried and shipped to the Smyrna market, and there fumigated and packed for export. Dried figs are classified into five grades, according to quality, size, and uniformity. Production has remained practically stationary in the past decade. The 5-year average output in 1934-1938 was 73,000 short tons, of which only about 15 percent was consumed in the country.

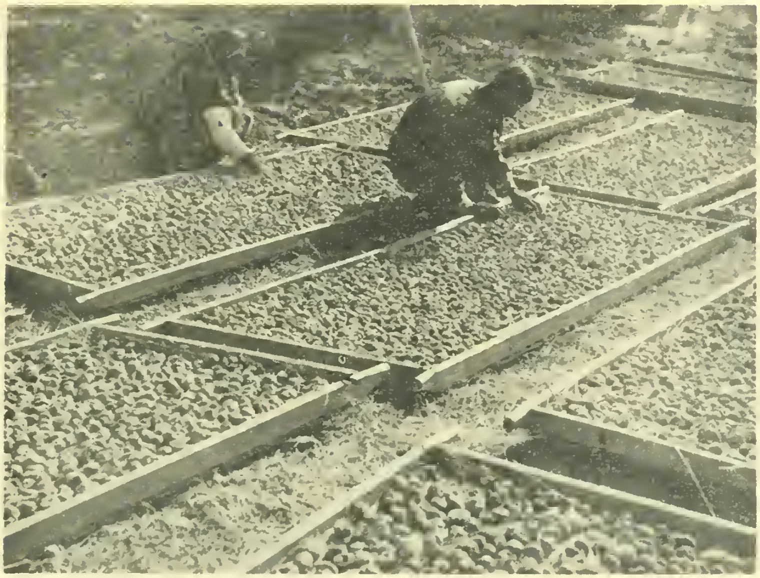


Figure 10.-Drying of Smyrna figs in an open field near Izmir. (Courtesy of the Turkish Embassy, Washington, D. C.)

For a long time, Smyrna figs were free from competition. In 1880, however, attempts were made to transplant Smyrna-fig trees to the United States, especially California, where soil and weather conditions are similar, in some sections, to those prevailing in and around Izmir. Though early efforts at transplanting failed, it was soon discovered that caprification was necessary and caprifig trees were successfully used in 1899. The first Smyrna-type fig crop in the United States was produced that year. Production of the Calimyrna fig, as the American product came to be known, increased steadily from 3,000 tons in 1932 to 9,400 tons in 1938. At present, the United States is the World's second largest producer of Smyrna-type figs.

OLIVE OIL

The olive tree was grown in the regions of the Aegean and Mamara Seas in ancient times. At present it is found over a large part of Turkey, although it is more abundant on the coast of these two seas. Olive production is heaviest in the districts of Aivalik, Edremid, and Burhaniye, and the Vilayets of Izmir, Aidin, and Mugla, all on the Aegean Sea, where about 60 percent of the Turkish crop is harvested. While official olive-acreage statistics are not available, it is estimated that Turkey has about 1.7 million acres with some 35 million cultivated and 60 million wild trees, making it one of the world's principal olive-producing countries. In recent years, production has increased, the olive-oil output rising from an average of 38.2 million pounds in 1929-1931 to 57.3 million pounds in 1936-1938. An average of 25 million pounds is consumed annually in the country, of which 40 percent is edible and 60 percent is used in industry.

Olive trees are not generally given as much care as they are in California, Spain, and Italy. Because of lack of labor and in order to prevent damage from livestock, the trees are permitted to grow tall, and the olives are beaten off the trees by poles and gathered from the ground. They are then spread in thin layers on the wooden floors of warehouses, where they remain for 15 days until they are shipped in bags to pressing establishments. In districts where olive production is heaviest, there are several of these establishments producing a high-quality, light-colored, and good-flavored oil with an acidity of from $\frac{1}{2}$ to 3 percent. In general, these establishments have simple, hand-driven machinery, although a few have modern, motor-driven equipment. Most modern pressing mills are found in the neighborhood of Aivalik. After the oil is extracted, the residue still contains an average of about 10 percent of oil. This substance is used for fuel or is repressed. Oil from the second pressing, which used to be exported to Greece, Italy, and France, now finds a ready market in Turkey.

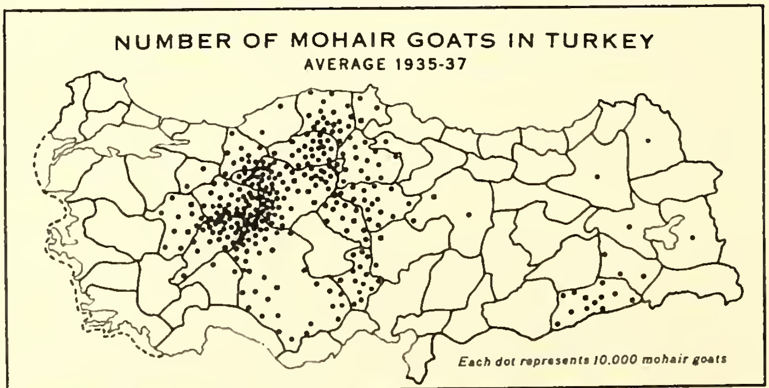
MOHAIR GOATS

There are two types of goats in Turkey - the common goat, scattered throughout the country, and the Mohair or Angora (Ankara) goat, which is found on the Central Anatolian Plateau. The wool of the Mohair goat combines durability and softness of texture and is one of the principal export products of Turkey. It is generally used, in conjunction with cotton or ordinary wool, in the manufacture of plushes and upholstery fabrics.

The Mohair goat is a native of Turkey and until 1860 its exportation was prohibited. In the late fifties the foreign demand for its wool, particularly that from the English textile manufacturers, was so great that production could not meet requirements. Diplomatic pressure was brought to bear on Turkey by the British Government to authorize the exportation of breeder goats. In 1860, by order of the Sultan and despite the opposition of the Turkish peasants, a few animals were offered as a gift to the English, who began acclimatizing them in South Africa.

The effect of this move was soon to be felt, and Turkey was faced with competition from South African mohair on world markets. In 1898 the Mohair goat was introduced into the United States. The multiplication of this goat in the United States and South Africa was so rapid that by 1900 their combined number was more than twice that of Turkey. Although the goats have thrived in their new homes, the quality of the wool is generally inferior to that produced in their native habitat of Central Anatolia.

The Mohair goat plays an important role in the economic life of the otherwise unproductive regions of Central Anatolia. Here the peasants raise this animal, exclusively for its wool, to make up for the poor returns obtained from the arid soil. Production is heaviest in the Vilayets of Ankara and Konya, which together account for about 30 percent of the total. See figure 11.


NUMBER OF MOHAIR GOATS IN TURKEY
AVERAGE 1935-37
Each dot represents 10,000 mohair goats

U. S. DEPARTMENT OF AGRICULTURE NEG. 35672 OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Figure 11.

Mohair is sold in Turkey according to the Vilayets where it originates, since the quality varies greatly from one region to another. Exporters usually form each of their lots from wool from a single Vilayet in order to obtain uniform qualities. Mohair wool is not widely used in Turkey, but is mostly exported.

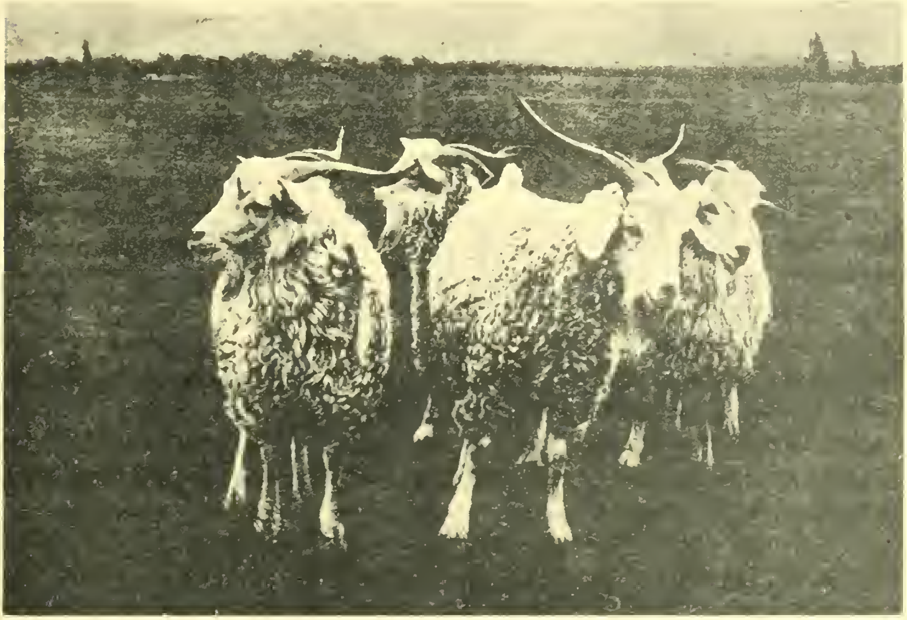


Figure 12.-Mohair (Angora) goats near Ankara. (*La Turquie Contemporaine*, published by the Turkish Ministry of the Interior.)

Production of mohair wool was seriously retarded during the World War and the war with Greece. The latter was fought largely in the mohair-producing regions, and about 50 percent of the goats were either killed for food or died from disease and neglect. In 1923, when the Turkish Republic was established, there were fewer goats than in 1913. Since 1923, however, their recovery has been remarkable. Whereas Turkey had 2,086,000 Mohair goats in 1913 and about 2,000,000 in 1923, the number increased to 3,749,000 in 1938.

During the same 25-year period, the number of Mohair goats in the United States increased from about 1,700,000 in 1913 to 3,876,000 in 1938, making it the largest mohair-producing country in the world. Over 80 percent is produced in the State of Texas. In the Union of South Africa, on the other hand, the number of goats decreased from 4,194,000 in 1913 to 636,000 in 1938. These two countries remain the only ones in the world, outside of Turkey, where the Mohair goat is raised commercially.

OTHER LIVESTOCK

Pasture lands and meadows represent about 35 percent of the total area of Turkey. These are mainly on the plateaus of Anatolia. Livestock production in the more fertile agricultural regions is of little importance. On the plateaus sheep and goat raising is important, although conducted in large measure under primitive conditions. In general, animal husbandry is not well developed, and the cultivation and improvement of meadows and vegetation for feed is negligible.

Livestock during the past decade have increased considerably, especially sheep and cattle. This is the direct result of Government assistance in establishing breeding centers and model cowhouses and sheepfolds and especially in applying sanitary measures for the prevention of contagious diseases among animals.

TABLE 3.-*Livestock numbers in Turkey, averages 1923-1927 and 1928-1932, annual 1933-1939*

PERIOD	SHEEP		GOATS		CATTLE		HOGS
	MERINO	OTHER	MOHAIR	OTHER	COWS AND STEERS[1]	BUFFALOES	
Average-	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
1923-1927 ..	–	11,572	2,549	7,400	2,046	223	–
1928-1932 ..	–	11,310	3,105	8,391	4,938	516	–
1933	–	11,071	3,081	6,672	5,124	542	–
1934	–	11,739	2,606	7,382	5,207	541	–
1935	–	12,436	2,743	6,778	5,370	540	–
1936	1	14,801	3,193	8,100	6,095	609	– 1
1937	2	16,447	3,669	8,796	6,551	651	4
1938	8	17,752	3,749	8,786	7,170	683	2
1939	20	18,938	3,654	8,839	7,503	711	2

[1] In recent years, divided almost equally between cows and steers.

Bulletin No. 31, 1939, of the Banque Centrale de la République de Turquie, Ankara.

Sheep are scattered throughout the country, but are a specialty of the central plateaus. They are of two varieties, the Rumelian, horned and long-tailed, and the Anatolian, or fat-tailed. Rumelian wool is cleaner and longer than the Anatolian because Rumelian sheep are raised where the weather is colder and the grass is better. Shearing takes place in April and May. Part of the wool is exported, but the bulk is used in carpet making. Besides wool, sheep furnish meat and milk. In general, peasants herd their own flocks, which rarely exceed 150 head. Ordinary goats are more numerous than the Mohair type. They are raised mainly for their milk, which plays an important part in the economy of the arid and mountainous regions of Central Anatolia.

Cattle figures include those of buffaloes and oxen used as draft animals, in addition to cows. Buffalo milk is richer in butterfat content than cow's milk, and it, as well as buffalo meat, is sold locally at lower prices. Usually oxen too old to serve any other purpose are slaughtered for food, while calves are seldom killed for meat. Although cattle are found throughout Turkey, individually owned large herds are practically nonexistent.

Since the Mohammedan faith, which is the predominant religion of the country, forbids the use of pork, hogs are not produced in Turkey. The 2,000 head shown in table 3 are raised by the few non-Mohammedan inhabitants of the country.

Because of the importance of carpet, wool, and live-animal exports, the increasing domestic meat consumption, and the large Government revenue derived from the livestock tax, there is no doubt that State encouragement and assistance will continue in the future, with livestock production developing still further.

FOREIGN TRADE IN AGRICULTURAL PRODUCTS

PRINCIPAL EXPORTS

Agriculture plays an important part in the export trade of Turkey - in fact, about 90 percent of the value of the country's total exports is made up of farm products. See table 4. It is only through the sale of these products that Turkey obtains foreign exchange to buy the industrial items it needs. The exchange of agricultural exports for industrial imports on a large scale began in the middle of the nineteenth century. The demand of the Western Powers for foodstuffs and agricultural raw materials started its upward trend at that time, while that of the Turkish population for manufactured goods increased accordingly. Prior to 1850, on the other hand, the Turkish Empire was almost self-sufficing, having its local, though primitive, handicraft industries, and exporting only a few agricultural products.

The present Turkish Government has encouraged exports through the improvement and standardization of products, the development of transportation, the establishment of export unions to maintain price uniformity and prevent competition between exporters, and clearing and compensation agreements with importing countries. The Government's policy regarding exports was set forth in May 1935 in the program of the Fourth Congress of the People's Party as follows: "We consider exportation one of our main economic duties. * * * We shall be closely interested in facilitating the sale of our national products and manufactured articles, in safeguarding their reputation, in insuring their export, and in measures to be taken for their standardization. We desire to let our foreign trade function in accordance with an exportation policy which conforms to the necessities and requirements of different markets. We also want to strengthen our foreign trade with State aid. We shall have organizations which will furnish those engaged in the export trade with information they need to succeed in their work."[6]

Since its formation, this policy has been applied with successful results, with farm products the chief beneficiaries. At present, the 10 principal exports are, in order of importance, tobacco, shelled filberts, raisins, cotton, mohair, wheat, wool, dried figs, hides and skins, and barley. In 1936-1938 these products accounted for over 70 percent of the total value of the country's exports.

Perhaps the three most important developments in Turkish foreign trade in the past decade have been the general increase in exports and decrease in imports of agricultural products, the rise of Germany as the principal market for Turkish products, taking more than all other countries combined, and the transition of Turkey from a wheat-importing to a wheat-exporting nation.

[6] Webster, Donald Everett, *op. cit.*, p. 311.

TABLE 4.-*Value of Turkish imports and exports of principal agricultural products compared with total imports and exports, 1936 to 1938, and January-August 1938 and 1939*[1]

IMPORTS

ITEMS	1936		1937		1938		JANUARY-AUGUST[3]			
							1938		1939	
	VALUE	PERCENT OF TOTAL	VALUE	PERCENT OF TOTAL	VALUE	PERCENT OF TOTAL	VALUE	PERCENT OF TOTAL	VALUE	PERCENT OF TOTAL
	1,000 dollars	*Percent*	*1,000 dollars*	*Percent*	*1,000 dollars*	*Percent*	*1,000 dollars*	*Percent*	*1,000 dollars*	*Percent*
Total all imports	*74,355*	*100*	*91,652*	*100*	*120,033*	*100*	*76,794*	*100*	*75,454*	*100*
Hides and skins	2,309	3.1	3,402	3.7	2,748	2.3	1,793	2.3	1,980	2.6
Coffee, tea, and cocoa	1,999	2.7	2,347	2.6	1,918	1.6	1,323	1.7	1,322	1.8
Sugar	1,139	1.5	701	.8	3,337	2.8	2,928	3.8	1,431	1.9
Rubber	1,086	1.5	1,649	1.8	1,664	1.4	1,034	1.4	1,323	1.7
Fruits	587	.8	584	.6	642	.5	443	.6	441	.6
Total above items	7,120	9.6	8,683	9.5	10,309	8.6	7,521	9.8	6,497	8.6

EXPORTS

ITEMS	1936 VALUE	1936 PERCENT OF TOTAL	1937 VALUE	1937 PERCENT OF TOTAL	1938 VALUE	1938 PERCENT OF TOTAL	JAN.-AUG. 1938 VALUE	JAN.-AUG. 1938 PERCENT OF TOTAL	JAN.-AUG. 1939 VALUE	JAN.-AUG. 1939 PERCENT OF TOTAL
Total all exports	*94,607*	*100*	*110,567*	*100*	*116,116*	*100*	*52,216*	*100*	*59,042*	*100*
Tobacco leaf	19,499	20.6	35,173	31.8	31,467	27.1	11,553	22.1	10,708	18.1
Filberts, shelled	10,643	11.2	7,989	7.2	9,762	8.4	3,968	7.6	2,911	4.9
Raisins	8,196	8.7	4,761	4.3	11,479	9.8	2,873	5.5	1,685	2.9
Cotton, raw	7,622	8.1	4,393	4.0	8,194	7.1	4,679	9.0	3,068	5.2
Wheat	1,548	1.6	6,318	5.7	4,511	4.0	3,261	6.2	861	1.5
Barley	858	.9	4,078	3.7	4,137	3.6	2,452	4.7	2,416	4.1
Mohair	5,682	6.0	4,587	4.1	2,864	2.5	1,514	2.9	5,581	9.5
Wool	3,892	4.1	4,960	4.5	2,567	2.2	839	1.6	2,562	4.3
Hides and skins	3,553	3.8	2,416	2.2	2,864	2.5	1,986	3.8	2,946	5.0
Figs, dried	3,238	3.4	2,601	2.4	4,448	3.8	359	0.7	692	1.2
Live animals	2,760	2.9	2,411	2.2	2,351	2.0	924	1.8	713	1.2
Valonia	1,305	1.4	1,218	1.1	1,362	1.2	721	1.4	922	1.6
Olive oil	258	.3	1,300	1.2	1,219	1.0	917	1.8	911	1.5
Opium	1,244	1.3	1,286	1.2	763	.6	381	.7	1,086	1.8
Canary seed	911	1.0	1,128	1.0	1,074	.9	590	1.1	477	.8
Beans, dried	982	1.0	1,034	.9	810	.7	526	1.0	378	.6
Valonia extract	441	.5	552	.5	892	.8	515	1.0	628	1.1
Eggs	1,352	1.4	557	.5	639	.5	411	.8	1,082	1.8
Peas, dried	451	.5	552	.5	745	.6	463	.9	188	.3
Millet	342	.4	285	.3	348	.3	178	.3	223	.4
Walnuts, shelled	372	.4	158	.1	300	.3	55	.1	422	.7
Filberts, unshelled	230	.2	580	.5	208	.2	76	.1	18	(2)
Pistachios, unshelled	708	.7	523	.5	208	.2	134	.3	178	.3
Wool, washed	545	.6	326	.3	94	.1	23	(2)	84	.1
Walnuts, unshelled	567	.6	29	(2)	1,334	1.1	14	(2)	42	.1
Goat's hair	472	.5	289	.3	142	.1	66	.1	251	.4
Total above items	77,671	82.1	89,504	81.0	94,782	81.6	39,478	75.5	41,033	69.4

---

[1] The value of the Turkish pound through the period 1936-1939 remained at 80 cents, United States currency

[2] Less than 0.05 percent. [3] For trade figures for the September-December 1939 period see table 10

Compiled from the quarterly bulletins of the Banque Centrale de la République de Turquie, Ankara, 1938 and 1939

Tobacco Tobacco is by far the most important export product of Turkey. In the 3-year period 1936-1938, average exports were valued at 28.7 million dollars, representing 26.5 percent of the value of total exports. During the past decade, however, tobacco exports have declined from an average of 81.2 million pounds during 1926-1928 to 77.2 million pounds in 1936-1938. For Greece, which is the world's largest exporter of oriental tobacco and the principal competitor of Turkey, the decline was greater, from 126 to 96 million pounds. On an average, Turkish tobacco exports represent two-thirds of the crop.

In the Aegean Sea region, where over half of the crop is produced, tobacco packing begins in August and lasts until December. The market generally opens at the beginning of November, with the buyers contracting directly with growers. The principal purchasers are the American group, represented by three large tobacco companies, the German group, and the local merchants, who advance funds for the harvesting of the crop and are usually repaid in kind. The handling of the product after its purchase is different in the various tobacco-producing regions. It also differs with each group of buyers, according to the special requirements of the ultimate consumers.

The importation of leaf tobacco, cigars, cigarettes, pipe tobacco, and cigarette paper, and the sale of these articles in Turkey are under the strict control of the State monopoly. The latter is also empowered to export these products. Moreover, the import into, and export from, Turkey of tobacco seed is forbidden, unless authorized by the Ministers of Customs, Monopolies, and Agriculture.

Shelled filberts Turkey is the world's largest exporter of shelled filberts, which rank second in importance in the country's export trade. In the 3 years ended with 1938, annual exports were valued at 9.4 million dollars and represented 9 percent of the country's total exports. During the past 10 years, exports have increased from an average of 16,000 short tons in 1926-1928 to 24,500 tons in 1936-1938. Italy and Spain are the principal competitors of Turkey on world markets.

In order to protect the quality of the Turkish product and its reputation abroad, filbert exports were placed under the strict control of the Ministry of National Economy by the decree of August 9, 1937, which was amended by that of January 1, 1940. The date of the picking season is to be fixed by the Ministry of Commerce in agreement with the Chambers of Agriculture and Commerce. Filberts must be graded and classified according to special Government standards and must be exported under Government supervision from one of the following cities: Trabzon, Giresun, Ordu, Fatsa, or Istanbul. Exports of shelled filberts must be in new bags of 110 or 176 pounds, gross, according to whether they are broken or whole, and must bear tags indicating the quality and variety of the nuts. The premises on which filberts are handled and the warehouses in which they are stored are subject to sanitary regulations. In cities where there is an exchange, transactions in filberts must be conducted on the floor of that exchange. Government inspection of 5 percent of each shipment of filberts to be exported is made in the presence of the exporter, and no filberts may be exported unless accompanied by an inspection certificate.

In 1937 and 1938, the principal buyers of Turkish shelled filberts were Germany, France, the United Kingdom, Czechoslovakia, and Switzerland.

Raisins - Raisins rank third in importance in the export trade of Turkey. In some years they rank second, exceeded only by tobacco. In 1936-1938, the average value of raisin exports was 8.2 million dollars, representing 8 percent of the value of the country's total exports. Exports have increased substantially during the past decade, rising from an average of 76 million pounds in 1926-1928 to 131 million pounds in 1936-1938 and putting Turkey in the same rank as the United States, as one of the world's largest raisin exporters. Turkey's principal competitors on world markets are the United States, which in 1936-1938 also exported an average of 131 million pounds, Australia, and Greece.

There are three commercial types of Sultana raisins: Sultanina, Razakis, and Black. Almost the whole Sultanina production is reserved for export, but part of the Razakis and Blacks is consumed on the domestic market. Sultanas are bought on sample by the exporters in Manisa and Izmir, the export trade beginning the middle of August. The raisins are packed in from 33- to 35-pound standard-type boxes.

With a view to improving the position of Turkish raisins in foreign markets and avoiding possible fraudulent practices, the Turkish Government controls the exportation of Sultana raisins. This is done under the powers of the decree of October 17, 1938, which standardized export types and organized the export control under the Ministry of National Economy.

In 1937 and 1938, the principal buyers of Turkish raisins were Germany, the United Kingdom, Belgium, the Netherlands, Poland, and Italy.

Cotton - An important development in the foreign trade of Turkey in the past decade has been the increase in cotton exports. These have risen from an average of 73,000 bales in 1926-1928 to about 90,000 in 1936-1938. During this last 3-year period they were valued at 6.7 million dollars and represented 6.4 percent of the value of the country's total exports, thus ranking fourth in importance in the export trade. Turkey imports no cotton.

The Turkish Government encourages cotton production with the double aim of developing further the young domestic textile industry and making Turkey an important exporter of this fiber. Possibilities for such prospects are good. At present, about 32 percent of the crop is exported. In 1937 and 1938 the principal countries buying Turkish cotton were Italy, Germany, Rumania, Japan, and Czechoslovakia.

Mohair - From 1923 to 1933, and with the exception of 2 years (1928 and 1932), the Union of South Africa was the world's leading exporter of mohair, followed by Turkey. Since 1934, however, the roles have been reversed; and, as a result of the great decrease in the number of Mohair goats raised in South Africa, Turkey is now assured first place as a world exporter.

Turkish mohair is the finest in the world. It is not widely used domestically, and exports represent a large portion of the crop. In the past decade there

TABLE 5.–*Exports of principal agricultural products from Turkey, 1938 with comparisons*

YEAR	TOBACCO LEAF	OLIVE OIL	FILBERTS SHELLED (1)	FILBERTS UNSHELLED	ALMONDS SHELLED (1)	ALMONDS UNSHELLED	WALNUTS SHELLED (1)	WALNUTS UNSHELLED	RAISINS
	1,000	*1,000*	*1,000*	*1,000*	*1.000*	*1.000*	*1.000*	*1,000*	*1,000*
Average–	*pounds*	*pounds*	*pounds*	*pounds*	*pounds*	*pounds*	*pounds*	*pounds*	*pounds*
1923–1925	62,414	11,296	22,542	5,176	1,138	40	1,021	2,046	77,309
1926–1928	81,266	10,474	32,070	6,129	602	340	1,517	4,043	76,087
1929	71,971	33,871	10,027	1,795	430	271	2,189	3,219	105,270
1930	72,201	10,454	31,768	15,635	586	406	1,149	3,880	87,853
1931	48,969	40,254	29,412	4,266	284	126	2,339	3,893	66,447
1932	63,589	5,459	38,889	5,534	1,016	53	858	4,513	108,460
1933	57,172	31,261	35,335	7,280	1,065	150	2,081	6,142	100,616
1934	39,656	17,130	37,650	2,676	1,190	536	2,544	8,377	119,675
1935	48,188	14,720	43,999	11,967	703	688	2,449	15,558	168,480
1936	51,310	1,636	50,602	2,403	721	168	2,138	8,488	145,616
1937	87,503	7,352	45,556	8,340	1,942	979	1,127	648	63,537
1938	92,739	9,694	49,936	2,432	1,078	223	1,647	18,362	182,922
Jan.–Aug.[3]–									
1938	34,420	7,006	28,669	1,389	714	7	357	309	39,667
1939	37,908	7,513	10,758	159	240	24	1,861	562	26,281

YEAR	FIGS	OPIUM	MOHAIR, GREASY	WHEAT	BARLEY	EGGS	PISTACHIOS UNSHELLED	VALONIA	COTTON
	1,000	*1,000*	*1.000*	*1,000*	*1.000*	*1.000*	*1,000*	*1,000*	*1.000*
Average–	*pounds*	*pounds*	*pounds*	*bushels*	*bushels*	*pounds*	*pounds*	*pounds*	*bales*
1923–1925	54,778	606	5,518	(2)	(2)	17,584	1,777	67,754	59
1926–1928	57,935	694	10,038	455	1,282	23,550	2,121	74,778	73
1929	60,809	811	6,947	13	80	24,614	1,530	81,330	76
1930	52,489	600	6,746	290	284	39,403	1,788	71,506	132
1931	59,978	774	5,183	628	4,187	54,101	961	58,393	93
1932	56,475	529	8,785	1,162	4,511	54,570	2,328	66,627	42
1933	59,504	948	11,821	981	2,282	39,487	2,864	68,226	18
1934	63,484	93	13,320	3,190	6,826	23,012	2,013	86,101	60
1935	82,644	243	6,400	2,374	2,403	13,417	2,518	75,428	69
1936	64,233	434	16,451	1,257	1,077	12,729	3,058	65,417	100
1937	53,684	423	8,840	3,972	5,202	6,687	2,152	74,324	50
1938	91,070	247	6,477	3,730	5,691	6,415	853	76,965	116
Jan.–Aug.[3]–									
1938	12,870	121	3,419	2,672	3,432	4,411	485	37,337	70
1939	9,511	340	13,777	860	3,084	11,539	924	60,490	37

[1] Shelled nuts may be converted to an unshelled basis as follows: Filberts, 1 pound is equal to 2.5 pounds unshelled; almonds, 1 to 3.3; and walnuts, 1 to 2.4.

[2] Not available. [3] For Trade figures for the September-December 1939 period, see table 10.

Compiled from *Annuaire Statistique* and *Statistique Annuelle et Mensuelle du Commerce Extérieur*, Office Central de Statistique, République Turque Ankara.

has been practically no increase in exports, which average about 10 million pounds annually. In the 1936-1938 period, shipments were valued at 4.4 million dollars, representing 4.2 percent of the value of the country's total exports, and mohair ranked fifth in importance in the export trade.

The handling of mohair for export takes place at the seaports, especially Istanbul. Here the principal exporting firms buy on the mohair exchange and have their own warehouses, where skilled workers handle the wool and pack it in uniform lots.

Prior to the World War, the United Kingdom was the largest buyer of Turkish mohair, taking about 90 percent of the exports. For several years after the war it was still the principal customer, although its takings had declined. Since 1933, however, it has ranked third, after Germany and the Soviet Union. Other important buyers are Italy and Japan.

Wheat - Perhaps the most outstanding development in the Turkish foreign trade in the past decade has been the change of Turkey from a wheat-importing to a wheat-exporting country. In December 1939 the Turkish Minister of Agriculture told the National Assembly that "Turkey today finds itself in a position not only to supply the nation [with wheat] but has attained a wheat export capacity equal to the quantity it formerly bought abroad."[7] In the period 1923-1925 Turkey imported 5.1 million bushels of wheat and 118,000 barrels of wheat flour, whereas in the period 1936-1938 not only no wheat or flour was imported, but wheat exports amounted to 3.5 million bushels. After the record crop of 1939, the statistical position was still brighter. Exports during the period 1936-1938 were valued at 4.1 million dollars, representing 3.7 percent of the value of the country's total exports and placing wheat in the sixth place among Turkish exports.

At the beginning of the present war the Turkish Government, worried lest wheat supplies prove inadequate in case of emergency, included that commodity on the list of products the export of which was prohibited. In December 1939, when it was found that stocks on hand were sufficient for several months' consumption, it was decided to resume wheat exports to certain countries. Shipments, however, are now made by unions of exporters under the direct control of the Government, which may stop them whenever it deems it advisable.

In 1937 and 1938, the principal countries buying Turkish wheat were Germany, Belgium, Switzerland, and Italy.

Dried figs Turkey is by far the world's largest exporter of dried figs, shipping on an average over 85 percent of its crop, some of which is even sent to fig-producing countries. Its principal competitors on world markets are Greece, Italy, and Spain. Exports have increased in the past decade, rising from an average of 58 million pounds in 1926-1928 to about 70 million pounds in 1936-1938. During the latter period they were valued at 3.4 million dollars and represented about 3.2 percent of the value of the country's total exports.

---

[7] *Christian Science Monitor*, Dec. 18, 1939.

The Izmir dried-fig exchange opens at the end of August, the most important transactions taking place from the opening date to the end of November. Commercially, dried figs are classified into five types, ranging from Suzmé, the best grade, to Hurda, which is unfit for consumption and is used only in the production of alcohol.

In 1937 and 1938 the principal buyers of Turkish dried figs were Germany, the United Kingdom, France, Canada, Czechoslovakia, and the United States.

Other important exports Wool, hides and skins, and barley, which are other important Turkish exports, had a combined average value of about 10 million dollars in 1936-1938 and represented over 9 percent of the country's total exports. Shipments of these products increased substantially in the past decade, especially those of barley, which have risen from an average of 1.3 million bushels in 1926-1928 to 3.6 million bushels during 1936-1938.

In 1937 and 1938 the principal buyers of Turkish wool were the Soviet Union, Germany, Syria, France, and Italy. Hide and skin exports went mainly to Germany, Italy, Czechoslovakia, and the United States, while most of the barley was shipped to Germany, Belgium, Italy, the United Kingdom, and the Netherlands.

PRINCIPAL MARKETS

Only a few Turkish agricultural products are exported to the neighboring states of the Balkans or the Near East, the bulk being shipped to the large industrial countries of Western Europe and to the United States. Until the outbreak of the present war, the principal customers of Turkey were, in order of importance, Germany, the United States, Italy, the United Kingdom, and France. The most outstanding development in the past decade has been the emergence of Germany as by far the largest buyer of these products, at the expense of the others, especially Italy. In 1930-1932 Turkish exports to the five countries represented 63 percent of the total, among which Italy was first with 20.5 percent and Germany second with 12.4 percent. In 1936-1938, the exports to these countries exceeded 70 percent of the total, over half of which went to Germany.

Germany - For several years prior to the advent of the Hitler regime, Germany was Turkey's second customer in importance. Its takings in 1930-1932 averaged only 12.4 percent of all Turkish exports and were made up of tobacco, filberts, raisins, figs, valonia, opium, and cotton (see table 6).

Aiming at economic penetration in the Balkans, Nazi Germany after 1933 took advantage of the newly established Turkish system of clearing agreements to win over the major portion of Turkey's foreign trade. In the period 1936-1938 Germany took 43.5 percent of Turkey's total exports and supplied 45 percent of all its imports. By buying Turkish products above world prices, Germany not only was able to sell in exchange its industrial products at high prices on the Turkish market, but made it difficult for Turkish exporters to obtain similar prices in free-exchange countries. Thus, the increase in exports to Germany was made at the expense of the leading customers of Turkey.

In the first 8 months of 1939, Germany not only was Turkey's best customer but bought more than all other states combined (see table 6). Exports increased in both volume and types of commodities involved. Products such as wheat, barley, olive oil, mohair, wool, hides and skins, and eggs, which prior to 1932 barely figured in the exports to Germany, became important after 1933. Those already prominent prior to that year became still more important.

Trade between Germany and Turkey was regulated by the commercial and clearing agreements of August 18, 1938, which expired on August 31, 1939. For several months after that date trade between the two countries decreased substantially because of the nonrenewal of the agreements. A new arrangement has recently been drawn up, however, under which farm exports to Germany are to be materially reduced. This went into effect with the exchange of notes of January 31, 1940.

The United States. Only because of its purchases of oriental leaf tobacco, the United States ranks second as a customer for Turkish products. In fact, it is the only one among the principal buyers of Turkish agricultural products that has not been affected by the great advance in German purchases since 1933. Despite the fact that its takings have slightly increased in the past decade - from 11.2 percent of all Turkish exports in 1930-1932 to 12.4 percent in 1936-1938, it held a proportionately higher position in the total export trade in the earlier period, when it was in third place, than it has during recent years in second place.

The principal agricultural exports to the United States are oriental leaf tobacco (which represents between 50 and 80 percent of the total), dried figs, hides and skins, filberts, valonia, and opium.

Although the United States ranks only second as a customer of Turkey, it is the leading source of foreign exchange, since balances in Germany can be cleared only by purchases of goods in that country. It is too early yet to estimate the results of the reciprocal trade agreement signed between the United States and Turkey on April 1, 1939. Preliminary figures indicate that American imports from Turkey increased from 18.9 million dollars in 1938 to 19.8 million in 1939. This increase, however, was apparently due to imports of oriental tobacco that had been purchased and stored in Turkey in 1938 and only exported in 1939.

Italy. For several years prior to 1933 Italy was Turkey's principal customer. In 1930-1932, it took a yearly average of 20.5 percent of all exports, mainly in the form of olive oil, shelled filberts, eggs, raw cotton, tobacco, barley, hides and skins, and dried figs. After 1933, as exports to Germany began to increase, those to Italy diminished. In 1936-1938 they represented only 6 percent of the total and were made up mainly of olive oil, raw cotton, eggs, and barley. Trade between the two countries is regulated by the commercial and clearing agreements of November 1, 1939, which expire on June 30, 1940.

TABLE 6.-*Exports of principal Turkish agricultural products to specified countries, 1931-1938*

PRODUCT	GERMANY		UNITED STATES		UNITED KINGDOM		FRANCE		ITALY		OTHERS		TOTAL
	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	
Tobacco leaf:	*1,000 pounds*	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*
1931	5,106	10.4	10,269	21.0	93	0.2	86	0.2	14,952	30.5	18,463	37.7	48,969
1932	16,865	26.5	14,059	22.1	66	0.1	37	0.1	9,237	14.5	23,325	36.7	63,589
1933	23,470	41.1	11,027	19.3	591	1.0	375	0.7	3,064	5.4	18,645	32.5	57,172
1934	16,909	42.6	11,819	29.8	40	0.1	165	0.4	2,028	5.1	8,695	22.0	39,656
1935	20,154	41.8	15,005	31.1	258	0.5	974	2.0	450	0.9	11,347	23.7	48,188
1936	20,371	39.7	20,022	39.0	289	0.6	284	0.6	-	-	10,344	20.1	51,310
1937	34,985	40.0	28,565	32.6	1,909	2.2	758	0.9	2,599	3.0	18,687	21.3	87,503
1938	34,689	37.4	27,939	30.1	1,003	1.1	456	0.5	7,773	8.4	20,879	22.5	92,739
Filberts, shelled:													
1931	7,985	27.1	1,642	5.6	3,728	12.7	3,748	12.7	10,957	37.3	1,352	4.6	29,412
1932	12,811	32.9	2,061	5.3	3,679	9.5	4,250	10.9	13,642	35.1	2,446	6.3	38,889
1933	14,262	40.4	1,384	3.9	1,964	5.6	3,512	9.9	12,196	34.5	2,017	5.7	35,335
1934	21,274	56.5	1,082	2.9	2,028	5.4	1,199	3.2	7,275	19.3	4,792	12.7	37,650
1935	28,285	64.3	886	2.0	1,669	3.8	2,004	4.6	5,128	11.6	6,027	13.7	43,999
1936	35,990	71.1	985	1.9	4,936	9.8	902	1.8	227	0.4	7,562	15.0	50,602
1937	21,191	46.5	761	1.7	2,167	4.8	3,435	7.5	249	0.5	17,753	39.0	45,556
1938	33,033	66.1	1,316	2.6	3,351	6.7	3,622	7.3	55	0.1	8,559	17.2	49,936
Raisins:													
1931	27,593	41.5	284	0.4	14,200	21.4	1,213	1.8	10,833	16.3	12,324	18.6	66,447
1932	33,289	30.7	348	0.3	44,335	40.9	1,775	1.6	8,726	8.0	19,987	18.5	108,160
1933	48,076	47.8	608	0.6	20,657	20.5	2,493	2.5	7,749	7.7	21,033	20.9	100,616
1934	67,472	56.4	320	0.3	17,141	14.3	2,932	2.4	6,204	5.2	25,606	21.4	119,675
1935	95,596	56.7	295	0.2	27,502	16.3	2,138	1.3	4,061	2.4	38,888	23.1	168,480
1936	86,158	59.2	540	0.4	26,292	18.0	2,324	1.6	1,876	1.3	28,426	19.5	145,616
1937	29,215	46.0	311	0.5	11,239	17.7	820	1.3	2,145	3.4	19,807	31.1	63,537
1938	146,619	80.2	231	0.1	3,827	2.1	1,720	0.9	3,115	1.7	27,410	15.0	182,922
Cotton, raw [1]	*Bales*		*Bales*		*Bales*		*Bales*		*Bales*		*Bales*		*Bales*
1931	8,385	9.0	-		6,987	7.5	9,676	10.4	24,361	26.2	43,655	46.9	93,064
1932	3,883	9.2	-		9,856	23.4	4,040	9.6	10,995	26.1	13,390	31.8	42,164
1933	2,145	11.8	-	-	198	2.7	600	3.3	1,102	6.0	13,905	76.2	18,250
1934	45,374	75.5		-	74	0.1	-		2,075	3.5	12,568	20.9	60,091
1935	62,514	90.9	-	-	-	-	-	-	335	0.5	5,890	8.6	68,739
1936	71,284	71.0		-	-	-	238	0.2	6,561	6.5	22,381	22.3	100,164
1937	28,210	56.1	-				322	0.6	11,504	22.9	10,211	20.4	50,247
1938	28,197	24.4	-	-	-	-	251	0.2	49,440	42.8	37,624	32.6	115,512
Wheat:	*1,000 bushels*		*1,000 bushels*		*1,000 bushels*		*1,000 bushels*		*1,000 bushels*		*1,000 bushels*		*1,000 bushels*
1931	-	-	-	-	3	0.5	10	1.6	46	7.3	569	90.6	628
1932	-	-	-	-	6	0.5	380	32.7	219	18.8	557	48.0	1,162
1933		-	-	-	8	0.8	23	2.3	5	0.5	945	96.4	981
1934	1,403	44.0	-	-	2	0.1	41	1.3	49	1.5	1,695	53.1	3,190
1935	286	12.0	-	-	-	-	93	3.9	166	7.0	1,829	77.1	2,374
1936	969	77.1	-	-	1	0.1	-	-	-	-	287	22.8	1,257
1937	1,570	39.5	-	-	12	0.3	9	0.2	233	5.9	2,148	54.1	3,972
1938	2,117	56.7	-	-	-	-		-	197	5.3	1,416	38.0	3,730

Continued

TABLE 6. - *Exports of principal Turkish agricultural products to specified countries, 1931-1938* -- Continued

PRODUCT	GERMANY		UNITED STATES		UNITED KINGDOM		FRANCE		ITALY		OTHERS		TOTAL
	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	QUANTITY	SHARE OF TOTAL	
Barley:	*1,000 bushels*	*Percent*	*1,000 bushels*	*Percent*	*1,000 bushels*	*Percent*	*1,000 bushels*	*Percent*	*1,000 bushels*	*Percent*	*1,000 bushels*	*Percent*	*1,000 bushels*
1931	117	2.8	-	-	587	14.0	282	6.7	104	2.5	3,097	74.0	4,187
1932	29	0.6	-	-	287	6.4	706	15.7	631	14.0	2,858	63.3	4,511
1933	6	0.3	-	-	180	7.9	7	0.3	676	29.6	1,413	61.9	2,282
1934	3,305	48.4	-	-	583	8.5	124	1.8	1,484	21.7	1,330	19.6	6,826
1935	341	14.2	-	-	77	3.2	-	-	1,824	75.9	161	6.7	2,403
1936	438	40.7	-	-	66	6.1	14	1.3	486	45.1	73	6.8	1,077
1937	1,914	36.8	-	-	618	11.9	2	(2)	710	13.6	1,958	37.7	5,202
1938	2,808	49.3	-	-	431	7.6	-	-	863	15.2	1,589	27.9	6,691
Mohair:	*1,000 pounds*		*1,000 pounds*		*1,000 pounds*		*1,000 pounds*		*1,000 pounds*		*1,000 pounds*		*1,000 pounds*
1931	62	1.2	141	2.7	3,600	69.5	948	18.3	196	3.8	236	4.5	5,183
1932	132	1.5	-	-	2,493	28.4	351	4.0	172	2.0	5,637	64.1	8,785
1933	95	0.8	732	6.2	4,956	41.9	150	1.3	183	1.5	5,705	48.3	11,821
1934	9,118	68.5	-	-	1,027	7.7	165	1.2	24	0.2	2,986	22.4	13,320
1935	3,591	56.1	-	-	20	0.3	24	0.4	190	3.0	2,575	40.2	6,400
1936	11,334	68.9	101	0.6	397	2.4	2,339	14.2	139	0.8	2,141	13.1	16,451
1937	3,728	42.2	-	-	2,346	26.5	172	1.9	141	1.6	2,453	27.8	8,840
1938	2,989	46.1	20	0.3	397	6.1	174	2.7	578	8.9	2,319	35.9	6,477
Wool, greasy:													
1931	40	0.4	619	6.3	511	5.2	617	6.3	174	1.8	7,788	80.0	9,749
1932	40	0.5	353	4.6	375	4.9	218	2.9	99	1.3	6,550	85.8	7,635
1933	251	2.1	739	6.1	417	3.5	289	2.4	42	0.3	10,339	85.6	12,077
1934	7,344	52.6	2	(2)	238	1.7	9	0.1	9	0.1	6,360	45.5	13,962
1935	51	0.7	-	-	-	-	66	0.9	4	0.1	7,187	98.3	7,308
1936	13,490	75.0	-	-	-	-	-	-	-	-	4,500	25.0	17,990
1937	3,534	15.9	128	0.6	4	(2)	2,044	9.2	-	-	16,497	74.3	22,207
1938	1,887	14.6	778	6.0	11	0.1	20	0.2	1,821	14.1	8,402	65.0	12,919
Hides and skins:													
1931	60	1.0	1,499	25.9	128	2.2	359	6.2	1,585	27.4	2,163	37.3	5,794
1932	75	2.1	677	19.4	51	1.5	359	10.3	1,356	38.8	978	27.9	3,496
1933	582	6.9	3,108	36.6	190	2.2	434	5.1	1,609	19.0	2,560	30.2	8,483
1934	2,628	38.4	1,287	18.8	119	1.7	121	1.8	1,074	15.7	1,623	23.6	6,852
1935	3,984	57.8	1,113	16.1	13	0.2	55	0.8	556	8.1	1,175	17.0	6,896
1936	12,341	88.4	254	1.8	2	(2)	31	0.2	4	(2)	1,328	9.6	13,960
1937	2,390	29.5	214	2.6	15	0.2	130	1.6	1,497	18.5	3,864	47.6	8,100
1938	6,034	54.0	1,382	12.4	4	(2)	90	0.8	1,744	15.6	1,917	17.2	11,171
Figs, dried:													
1931	12,727	21.2	8,428	14.1	15,706	26.2	1,470	2.5	11,587	19.3	10,060	16.7	59,978
1932	11,025	19.5	6,036	10.7	11,572	20.5	8,206	14.5	8,122	14.4	11,514	20.4	56,475
1933	14,057	23.6	5,401	9.1	14,570	24.5	7,912	13.3	6,867	11.5	10,697	18.0	59,504
1934	14,356	22.6	5,855	9.2	12,430	19.6	8,078	12.7	5,379	8.5	17,386	27.4	63,484
1935	31,869	38.5	3,073	3.7	13,089	15.8	7,915	9.6	2,222	2.7	24,486	29.7	82,644
1936	18,673	29.1	3,393	6.3	13,091	20.4	6,640	10.3	55	0.1	22,381	34.8	64,233
1937	15,265	28.4	2,211	4.1	11,312	21.1	2,407	4.6	419	0.8	22,070	41.1	53,684
1938	48,675	53.4	1,775	1.9	8,298	9.1	4,244	4.7	123	0.2	27,955	30.7	91,070

	1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds
Olive oil:													
1931	172	0.4	251	0.6	494	1.2	3,139	7.8	34,634	86.0	1,564	4.0	40,254
1932	-	-	-	-	40	0.7	2	(2)	3,287	60.2	2,130	39.1	5,459
1933	-	-	24	0.1	293	0.9	1,204	3.9	27,121	86.8	2.619	8.3	31,261
1934	-	-	198	1.2	968	5.7	64	0.4	12,976	75.7	2,924	17.0	17.130
1935	833	5.7	42	0.3	1,415	9.6	-	-	11,669	79.3	761	5.1	14,720
1936	972	59.4	-	-	-	-	-	-	344	21.0	320	19.6	1,636
1937	1,464	19.9	9	0.1	3,252	44.2	134	1.8	1,887	25.7	606	8.3	7,352
1938	42	0.4	-	-	1.232	12.7	110	1.1	4,526	46.7	3.784	39.1	9,694
Valonia:													
1931	8,587	14.7	18,157	31.1	10,322	17.7	2,229	3.8	5,203	8.9	13,900	23.8	58.398
1932	8,993	13.5	18,349	27.5	13,854	20.8	3,444	5.2	4.916	7.4	17.071	25.6	66,627
1933	11,371	16.7	18,402	27.0	14,612	21.4	2,313	3.4	5,333	7.8	16,195	23.7	68,226
1934	21,250	24.7	22,207	25.8	7,465	8.7	2,097	2.4	4,301	5.0	28.781	33.4	86,101
1935	18,490	24.5	15,897	21.1	9,769	13.0	1,885	2.5	3,847	5.1	25,540	33.8	75,428
1936	25,717	39.3	6,865	10.5	6,510	10.0	1,841	2.8	1,179	1.8	23,305	35.6	65,417
1937	13,915	18.7	21,493	28.9	6,971	9.4	2,743	3.7	1,958	2.6	27,244	36.7	74,324
1938	32,244	41.9	9,008	11.7	6,224	8.1	2,601	3.4	1,041	1.4	25,847	33.5	76,965
Opium:	Pounds		Pounds		Pounds		Pounds		Pounds		Pounds		Pounds
1931	127.867	16.5	74,956	9.7	24,251	3.1	379,191	49.0	11,023	1.4	156,527	20.3	773,815
1932	72,752	13.8	63,933	12.1	48,501	9.2	171,959	32.5	13,228	2.5	158.731	29.9	529,104
1933	304,235	32.1	61,729	6.5	127,867	13.5	209,437	22.1	11,023	1.2	233,687	24.6	947,978
1934	6,614	7.1	-	-	-	-	2,205	2.4	-	-	83,774	90.5	92,593
1935	48.501	20.0	22,046	9.1	44,092	18.2	8,818	3.6	13,228	5.5	105,821	43.6	242.506
1936	52,910	12.2	4,409	1.0	79,366	18.3	35,274	8.1	39,683	9.1	222,664	51.3	434,306
1937	39,683	9.3	50,706	11.9	88,184	20.6	11,023	2.6	22.046	5.2	216,050	50.4	427,692
1938	48,501	19.6	2,205	0.9	33,069	13.4	50,706	20.5	13,228	5.4	99,206	40.2	246,915
Eggs:	1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds		1,000 pounds
1931	-		-	-	13	(2)	14.478	26.8	23,199	42.9	16,411	30.3	54,101
1932	114	0.2	-	-	31	0.1	1.885	3.5	26,797	49.1	25,743	47.1	54,570
1933	225	0.6	-	-	53	0.1	1.140	2.9	4,996	12.7	33,073	83.7	39.487
1934	2,637	11.5	-	-	1,030	4.5	2,035	8.8	2,562	11.1	14.748	64.1	23.012
1935	3,854	28.7	-	-	49	0.4	-	-	527	3.9	8,987	67.0	13.417
1936	2,436	19.1	-	-	22	0.2	35	0.3	767	6.0	9.469	74.4	12,729
1937	869	13.0	-	-	20	0.3	-	-	2,670	39.9	3.128	46.8	6,687
1938	1,133	17.7	-	-	-	-	-	-	2,491	38.8	2.791	43.5	6.415
Filberts, unshelled:													
1931	1,038	24.3	11	0.3	187	4.4	198	4.6	619	14.5	2,213	51.9	4,266
1932	278	5.0	-	-	33	0.6	201	3.6	694	12.5	4,328	78.3	5,534
1933	3,845	52.8	141	1.9	366	5.0	306	4.2	1,016	14.0	1,606	22.1	7,280
1934	573	21.4	4	0.1	-	-	11	0.4	300	11.2	1,788	66.9	2,676
1935	8,576	71.7	271	2.3	516	4.3	60	0.5	121	1.0	2,423	20.2	11,967
1936	348	14.5	355	14.8	170	7.1	-	-	-	-	1,530	63.6	2,403
1937	4.314	51.7	33	0.4	783	9.4	366	4.4	49	0.6	2,795	33.5	8,340
1938	774	31.8	148	6.1	758	31.2	128	5.3	-	-	624	25.6	2,432

---

[1] Converted on basis of 478 pounds net for years 1931-1934 and 500 pounds gross, 1935-1938.

[2] Less than 0 05 percent.

Compiled from *Statistique Annuelle du Commerce Extérieur*, Office Central de Statistique, République Turque. Ankara.

The United Kingdom Turkish exports to the United Kingdom have decreased from an average of 9 percent of the total in 1930-1932 to 5.3 percent in 1936-1938. With this reduction came also a change in the products exported. Prior to 1933 the principal ones were mohair, raisins, dried figs, valonia, and shelled filberts. Since that year, however, raisins, figs, opium, and barley have headed the list.

Trade between the United Kingdom and Turkey, which was regulated by the basic commercial and clearing agreements of September 2, 1936, and additional agreements and notes, is now governed by the new agreement of February 3, 1940.

Since the beginning of the present hostilities, mainly for political reasons, the United Kingdom has acted to replace Germany as the most important economic factor in Turkey's foreign trade. (See page 266.)

France In 1930 and 1931, France held fourth place among Turkey's best customers. Since 1931, however, it has been consistently fifth in importance. With Italy, it has experienced the greatest proportionate decrease as a result of German inroads. Turkish exports to France decreased from an average of 9.8 percent of the total in 1930-1932 to 3.5 percent in 1936-1938. The principal products shipped are opium, shelled filberts, dried figs, valonia, and mohair.

The commercial treaty of August 23, 1939, which went into effect for 1 year on September 1, 1939, now regulates trade between Turkey and France. Since the beginning of the present war, however, France, acting with the United Kingdom, has taken special measures to offset Germany's economic hegemony in Turkey.

PRINCIPAL AGRICULTURAL IMPORTS

Because of the preponderantly agricultural nature of the country, Turkey's imports have consisted mainly of manufactured goods, with farm products limited to a few specialties. In 1936-1938, the latter accounted for a little over 9 percent of the total imports.

Among the important developments in Turkey's foreign trade in the past decade have been the decrease in agricultural imports. Wheat, wheat flour, rice, potatoes, and corn, which accounted for a large portion of these, are no longer imported, and imports of others have decreased. At present, the principal agricultural imports are sugar, hides and skins, coffee and tea, rubber, dates, and lemons. See table 7.

In 1937 and 1938, the principal countries supplying Turkey with agricultural products were, for sugar, Czechoslovakia, the Soviet Union, the Netherlands, Belgium, and the United Kingdom; for hides and skins, the United States, Egypt, Palestine, the Philippines, and British India; for coffee, Brazil; for tea, British India; for rubber, the Netherlands, the Philippines, and British Malaya; for dates, Iraq and Egypt; and, for lemons, Syria and Italy.

TABLE 7.--Imports of principal agricultural products into Turkey, 1929-1938 and January-August 1938 and 1939

PRODUCTS	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	JAN.-AUG.	
											1938	1939
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
Sugar	75 605	69 766	48 879	32.337	19.572	4,099	2,411	24,693	13,218	68,450	59,856	27,271
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1.000 pounds
Tea	2 253	1 896	1 966	1.662	2.376	1 485	1.331	2 542	2.147	2,077	2,299	1,601
Coffee	12 426	12 166	11.820	9.647	9.997	10,513	9.609	12,005	11,288	11,728	7,934	8,329
Rice	31 271	20.022	18,016	9.348	5.271	324	127	683	1	439	166	(1)
Dates	4 464	106	97	2	24	15	2	11	1 129	227	194	(1)
	1,000 bushels	1,000 bushels	1,000 bushels	1.000 bushels	1,000 bushels	1.000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1.000 bushels
Wheat[3]	5.397	54	18	(2)	0	(2)	5	(2)	(2)	(2)	(2)	(1)
	1.000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes	1,000 boxes
Lemons	125	121	120	101	119	120	96	76	86	81	53	61

[1] If any, included in "others."

[2] Less than 500

[3] Includes flour in terms of grain.

Compiled from *Annuaire Statistique* and *Statistique Annuelle et Mensuelle du Commerce Extérieur*, Office Central de Statistique, République Turque, Ankara.

FOREIGN ECONOMIC POLICY

BACKGROUND

Turkey's economic relations with the rest of the world have been guided mainly by its foreign political commitments. Prior to the formation of the Turkish Republic in 1923, trade between Turkey and the principal European powers was conducted under the protection of the "capitulations." The first of these grants of exterritorial privileges was made to France by the Turkish sultan in 1535, and they were gradually extended until in 1914 almost all countries enjoyed them. Forced on the Ottoman Empire by the expansionist movement of European capital, the capitulations gave certain privileges to foreign residents and their investments. Increasing in rigor and importance with the years, these privileges gradually threatened the political, economic, and juridical status of Turkey to the point of making it a semicolony of the big Western European powers.

The influx of "protected" foreign capital through direct loans and special privileges became more pronounced after the 1850's, and the country's economic and financial bondage became every day more complete. At the outbreak of the 1914-1918 conflict, Turkey had practically lost its economic independence. The most secure revenues and taxes went to the Ottoman Public Debt (a foreign debt commission). All railroads, with the exception of an unprofitable line in Arabia, were in the hands of foreigners, as were the mining companies, banks, and public utilities. Even the customs administration was under foreign control, and the foreign trade was conducted mainly by the non-Turkish element of the population.

Through the privileges of the capitulations and the special treaties signed by the sultans with the principal European powers. Turkey had no right to raise its tariff duties without the approval of those countries. This meant that Turkish customs duties were kept low to enable the industrial products of Western Europe to find a ready market in Turkey. From 1830 to 1907 the rates were 8 percent ad valorem, and it was not until after a struggle extending over three decades, and in return for valuable concessions, that the Turks were permitted, after 1907, to raise the rate to 11 percent.

After winning their political independence solely by force of arms and against overwhelming odds, the Turks obtained the abolition of the capitulations on July 24, 1923, by the Treaty of Lausanne. As a natural reaction after the prolonged oppression and servitude, the economic policy of the Republic, which was established 3 months later (October 29, 1923), was at first ultranationalistic. The politicoeconomic battle cry of that period was "Turkey for the Turks:" and it was planned to accomplish every economic development in the country by Turkish capital, whether private or State-owned, under free competition.

Although the capitulations were abolished in 1923, it was not until August 1929 that Turkey regained complete sovereignty over its customs legislation. By the tariff law of October 1, 1929, Turkey inaugurated a definitely protective policy. Self-sufficiency, motivated mainly by considerations of national defense, was in the foreground. The new economic nationalism aimed at building up Turkish industrial production to free the country from its dependence on the outside world. Agriculture, too, received its share of the protection; and the economic slogan of the early thirties was "Turkish products for the Turks."

In the political field, Turkey abstained from commitments with the big Western European powers, confining its efforts to strengthening its ties with Balkan and Near Eastern neighbors for reasons of regional defense. Its foreign policy has been essentially nationalistic, and Turkey has taken no sides whatever in the politics of the great powers. All it wanted from them was respect for, and maintenance of, the *status quo* in the Mediterranean and Black Sea regions. Although it needed capital to carry out its industrialization program, it worked mainly on a pay-as-you-go basis and refrained from outside borrowing. For it remembered only too well that it was just such debts that had brought about the downfall of the Ottoman Empire.

CLEARING AND COMPENSATION AGREEMENTS

From the establishment of the Republic in 1923 to 1929 Turkey had a passive balance of trade, the excess of imports over exports being largest in the last year. Since 1930, in line with the newly adopted protectionist policy, and especially with a view to safeguarding the Turkish currency, the Government has endeavored to maintain an active balance of trade. Except for 1938, it succeeded in doing so every year from 1930 to 1939.

The first import limitation was adopted in December 1929 in the form of emergency exchange-control regulations. These were deemed necessary because the heavy demand for foreign exchange to pay for the large imports of that year had caused a sharp drop in the value of the Turkish pound. This indirect form of import control was followed in November 1931 by the adoption of a system of import quotas and prohibitions and, in July 1933, by clearing and compensation agreements. The latter have placed the Government in full control of the country's foreign trade.

TABLE 8. *Turkish foreign trade, by value, and share of specified countries in total, 1928-1939*

YEAR	TOTAL VALUE		PERCENTAGE OF TOTAL					
	TURKISH CURRENCY	UNITED STATES CURRENCY	GERMANY	UNITED STATES	ITALY	UNITED KINGDOM	FRANCE	OTHERS
IMPORTS	*1,000 pounds*	*1,000 dollars*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1928	223,532	113,999	14.2	4.6	11.8	12.3	13.1	[illegible]
1929	256.296	124.075	15.3	6.7	12.5	12.2	10.4	42.9
1930	147.551	69,439	18.6	4.1	13.8	11.2	10.5	41.8
1931	126.660	59,759	21.4	3.3	14.6	11.3	10.0	39.4
1932	85.984	40.658	23.4	2.6	12.9	12.4	8.4	40.5
1933	74.676	45.134	25.5	3.1	11.4	13.5	6.6	39.9
1934	86,790	68.605	33.8	4.3	8.5	9.9	7.4	36.1
1935	88.823	71.336	40.0	6.9	6.4	9.8	4.7	32.2
1936	92.531	74,355	45.1	9.7	2.1	6.5	2.5	34.1
1937	114.379	91.652	42.0	15.1	5.3	6.3	1.1	30.2
1938	149.837	120.033	46.9	10.5	4.8	11.2	1.3	25.3
1939	118.249	94.599	50.9	9.9	8.5	6.3	1.9	22.5
EXPORTS								
1928	173.537	88.502	12.8	15.9	18.2	10.1	10.6	32.4
1929	155.214	75.141	13.3	9.9	21.8	9.6	12.6	[illegible]
1930	151.454	71.276	13.1	11.8	21.1	8.9	12.2	32.9
1931	127.275	60.050	10.7	10.0	24.1	8.5	9.6	37.1
1932	101.301	47.900	13.5	11.9	16.2	9.8	7.7	40.9
1933	96.162	58.120	19.0	10.5	13.5	9.0	6.4	41.7
1934	92.149	72.841	37.3	10.4	11.2	5.7	3.0	32.4
1935	95.861	76.988	40.9	10.1	9.9	5.4	3.2	30.5
1936	117.733	94.607	51.0	11.1	3.7	5.4	3.3	25.5
1937	137.984	110.567	36.5	13.9	5.3	7.1	3.8	33.4
1938	144.947	116.116	42.9	12.3	10.0	3.4	3.3	28.1
1939	127.389	101.911	37.3	14.3	10.0	5.7	4.4	28.3

Compiled from *Statistique Annuelle et Mensuelle du Commerce Extérieur*, Office Central de Statistique, République Turque Ankara

The system of clearing agreements was developed more by accident than by design. In 1932, Turkey had a small export trade with Spain, mainly in eggs, and the trade balance was preponderantly in its favor. Unable to place enough products in Turkey because of import prohibitions, Spain imposed exchange restrictions, thus making it impossible for Turkish exporters to obtain payments for their products. Turkey then negotiated a commercial *modus vivendi*, exempting imports from Spain from quota restrictions but limiting them to the value of Spanish imports of Turkish products.

After this agreement, the United States solicited freedom of importation for American products into Turkey, since the Turkish-American trade balance was in favor of Turkey and since the United States imposed no restrictions on imports from that country. The result of the American importunity was the Turkish unilateral decree of January 1933, which exempted from all restrictions the principal imports from the United States.

The Turkish-American arrangement was the cause of considerable apprehension on the part of Germany and France, which feared American trade in Turkey would benefit to their disadvantage. Turkey assured both countries it was willing to facilitate their trade, provided it had guaranties that the trade balance would in the future be favorable to Turkey to the extent of 30 percent. The argument advanced by Turkey was that it had to continue paying its part of the bonded indebtedness of the former Imperial Ottoman Empire, of which French and German bondholders held a considerable share. The result was the first Turkish clearing convention, signed with France on July 27, 1933, and followed 2 weeks later by one with Germany. In these clearing agreements, as well as in those signed later with Switzerland, Belgium, and the Netherlands, it was clearly stipulated that an amount equivalent to 30 percent of the value of the imports from Turkey would be kept in a special account in each of these countries, and credited to the Central State Bank of Turkey, to be used or converted freely and without any restrictions. Since 1933, the Turkish policy has been to require, in clearing agreements with countries that would otherwise have a favorable balance of trade with Turkey, that the balance be in the latter's favor. The margin has varied from 20 to 35 percent of the trade, according to the country.

The new Turkish commercial policy thus began to take shape. It was more specifically defined by the People's Party Congress of May 1935 when it declared, "It is our obligation to regulate our balance of payments, and to keep our foreign trade in balance. Our principle in foreign trade and commercial agreements is to buy the products of those who buy our products."[8]

Under the system of clearing agreements, Turkish importers pay into the Central State Bank Turkish pounds in settlement for their purchases of European products. The European manufacturer, on the other hand, is unable to receive payment for his exports unless he is paid by some agency of his own Government or until importers of his own country purchase Turkish products to an amount equivalent to the value of the goods exported to Turkey, plus the additional value specified in the agreement.

The experiment with the clearing-agreement formula proved so successful (especially with countries controlling trade and foreign exchange), that it was adopted as a definite Turkish commercial policy. Two types are used, the full clearing agreement, and the partial, with private compensation transactions being provided for.[9] In the 3-year period 1936-1938, 82 percent of the import trade and 81 percent of the export trade were with countries having full clearing agreements, clearing agreements with private compensation, or barter agreements with Turkey; 14.5 percent of the imports and 15.5 percent of the exports were made under free-exchange agreements; while only 3.5 percent of the entire foreign trade was carried on with countries having no agreement of any kind. Germany headed the full clearing agreement group, the United Kingdom the countries having clearing agreements with private compensation, Japan those having barter agreements, the United States those with free exchange agreements, and Brazil the nonagreement countries. See table 9.

---

[8] Webster, Donald Everett, *op. cit.*, p. 310.

[9] "A compensation transaction, as practiced in Turkey, is a linking of a particular export shipment with a particular import shipment, the exchange derived from the former being allocated to pay for the latter, under rules and regulations established by the Government and subject to the approval of the Government authorities in each instance. The compensation premium is the sum paid by the Turkish importer to the Turkish exporter for the purpose of acquiring the takas certificate, a document which bears evidence of the receipt of the export shipment by the importing country and which entitles the holder to acquire exchange and import goods into Turkey in an equivalent amount. The premium thus received enables the Turkish exporter to quote a lower price in foreign currency than for ordinary exports on which his exchange is sold at the official rate without benefit of compensation premium. For a number of reasons, including the compensation system, prices of Turkish commodities are relatively high, making their exportation difficult or impossible in the absence of some such assistance." *Far Eastern Financial Notes*, U. S. Department of Commerce, November 4, 1939.

At the end of 1939 the Turkish clearing accounts with foreign countries showed a total of 41 million Turkish pounds (about $32,000,000) owed by Turkey, principally for the accounts of Germany, the United Kingdom, France, Italy, and Sweden. Sums blocked abroad for the account of Turkey, on the other hand, amounted to only 1.1 million Turkish pounds (about $850,000), of which more than half was held in the Soviet Union, with most of the remainder in Rumania and Yugoslavia.

TABLE 9.-*Distribution of Turkey's foreign trade according to type of trade agreement signed, 1936-1938*

COUNTRY AND TYPE OF TRADE AGREEMENT	TURKISH IMPORTS 1936	TURKISH IMPORTS 1937	TURKISH IMPORTS 1938	TURKISH EXPORTS 1936	TURKISH EXPORTS 1937	TURKISH EXPORTS 1938
CLEARING AGREEMENTS	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Germany	33 540	38 568	56 406	48 244	40 595	49 836
Italy	1.628	4.876	5.704	3.490	5.822	11 666
Soviet Union	4 045	5.683	4 719	3 185	5 215	4 118
Poland	347	289	2.131	743	1 812	1 764
Rumania	1.211	1 263	1 378	418	821	2 638
Austria	2 085	1.480	618	1 183	2.243	1.371
Others[1]	2 398	1 547	1.536	2 893	2 208	3 117
CLEARING AND COMPENSATION AGREEMENTS						
United Kingdom	4.904	5 712	13 454	5 107	7 828	3 959
Czechoslovakia	2.914	2 409	4 627	3 224	4 882	4 004
Belgium	201	1,048	1 942	1 331	5 315	2 080
Sweden	1 653	1 721	1 843	1 334	1 539	1 423
France	1 876	994	1 580	3 076	4 218	3 812
Netherlands	754	1 136	1 437	1 059	1 339	1 729
Hungary	559	837	1 158	415	441	832
Switzerland	1 661	631	811	925	1 733	1 307
Others[2]	1 176	867	558	379	733	750
BARTER AGREEMENTS						
Japan	1 183	753	779	1 183	613	707
Bulgaria	413	381	385	259	296	362
Total clearing and barter agreements	62 548	70 195	101 066	78 448	87 453	95 475
FREE-EXCHANGE AGREEMENTS						
United States	7 226	13 858	12 561	10 783	15 386	14 235
Egypt	911	1 964	829	843	841	1 010
Others[3]	1.140	1.795	1 346	2 056	3 276	1 427
Total free-exchange agreements	9 277	17 617	14 736	13 682	19 503	16 672
NO AGREEMENTS						
Brazil	1 291	1 607	1 436	290	286	352
India	460	1 635	1 788	912	657	141
Other[4]	772	598	1 008	1 266	2 668	3 477
Total no agreements	2 523	3 840	4 232	2 468	3 611	3 970
Total all countries	74 348	91 652	120 034	94 598	110 567	116 117

[1] Greece, Norway, Yugoslavia, and Estonia

[2] Finland, Latvia, and Ireland.

[3] Principally Syria, Palestine, and the Philippines

[4] Principally Iraq and Argentina.

Bul. No. 32, Banque Centrale de la République de Turquie. Ankara. 1939

GERMAN PENETRATION AND TURKISH APPREHENSION

In the fall of 1934 the European countries that had concluded clearing conventions with Turkey and whose exporters had sold merchandise to Turkish importers suddenly realized that payment for those exports could not be obtained except by the purchase of Turkish products. German exporters, especially, had large funds placed to their credit by Turkish importers at the Central State Bank of Turkey. Taking advantage of this situation, the German Government immediately ordered an extensive purchasing program in Turkey. German importers bought Turkish agricultural products almost indiscriminately, with the result that prices increased over those in world markets. This, in turn, made it difficult for Turkish exporters to maintain sales in other countries and made them more dependent on the expanding German market.

The methods used by the German Government to obtain the lion's share of Turkey's foreign trade have been described as follows:[10]

> Under conditions such as existed in 1930 Germany's share of our exports amounted to 13.1 percent and of our imports to 18.4 percent. When Germany changed its regime in 1933, however, its foreign trade policy was also modified. It aimed at treating the independent countries as mere colonies and several measures were adopted to that end. Within Germany the Government established complete control over imports and exports and, when need arose, granted import or export subsidies. Then it entered into clearing agreements with specified countries and set the value of the reichsmark in relation to their currency. The exportable products of these countries were purchased at high prices in order to eliminate other buyers, whereas German exports were sold in the beginning at prices sufficiently low to discourage the traders of other countries. Then, when the market was cleared of competition, Germany dictated the price and type of products to be imported and exported. Such has been the foreign trade policy followed by Germany with regard to Rumania, Bulgaria, Yugoslavia, Greece, and Turkey.

The result of this policy was soon manifest, and German trade with Turkey increased at the expense of that with other countries. Whereas in 1930-1932 Germany took 12.4 percent of all Turkish exports and supplied 21.1 percent of the imports, in 1937-1939 the figures had risen to 38.9 percent and 46.6 percent, respectively. German penetration was much deeper in the first 8 months of 1939 than in the same period of 1938. In January-August 1939, Germany took 50.6 percent of all Turkish exports and supplied 55 percent of its imports, compared with 34.3 percent and 44.2 percent, respectively, in the same 8-month period of 1938. If the percentages declined for all of 1939, it was because the Turkish Government did not renew, until January 31, 1940, the German-Turkish trade agreement, which expired on August 31, 1939.

The Turkish Government watched with great apprehension this systematic German penetration into Turkey's economic life. Furthermore, German trading practices were not always pleasing to the Turks. Delays in clearing were experienced. In 1936, for example, the sums owed by Germany to Turkey rose to 40 million Turkish pounds

---

[10] [illegible] translation from "Le Sens du Développement Récent de Notre Commerce Extérieur," by Hazim Atif Kuyucak in the weekly *Ankara*, Dec. 28, 1939. H. A. Kuyucak is the economic editor of this semiofficial publication.

(about $32,000,000), or more than the German clearing debt to the whole of southeastern Europe. During that year, too, Germany resold on world markets some Turkish goods for free exchange, generally in competition with Turkish products sold directly by Turkey. At times the Government felt its independence of action in the economic field, which had characterized its trade policy since 1929, slowly slipping from its grip. For it could not always "talk back" to a country whose share of the Turkish trade was greater than that of all other countries combined. Nevertheless, those who had fought the yoke of the capitulations were still in power in Turkey, and they looked upon German penetration as another form of bondage and resisted it accordingly.

To counteract the German method of trading and to win back a larger share of its commerce with other countries, the Turkish Government began subsidizing exports to nations having free exchange. Many of the latter had decreased their trade with Turkey either because they could not sell their goods there in competition with Germany or because they could not buy the high-priced Turkish products. The system of private compensations, by which Turkish importers paid exchange premiums to exporters to free-exchange countries, was encouraged. It was not easy, however, to regain the lost markets, and this system was slow in bringing results. Moreover, every move by the Turkish Government to free itself from German trade domination was usually countered by Germany, either in the economic or in the political field.

CHANGE IN TURKISH FOREIGN POLICY

It was mainly the political developments in the Mediterranean Basin and in southeastern Europe in the past 3 years that brought about a complete reversal of the economic and political policies of Turkey. As long as the *status quo* in the Mediterranean region and the Balkans was not disturbed, Turkey shunned all alliances and commitments with the Western European powers. The first event to shake Turkey from its isolationist position was the conquest, in the spring of 1936, of Ethiopia by the Italians. Turkey watched Italy succeed in its objective after defying England and France, and felt the Italian Dodecanese Islands too close to its shores for comfort. Yet, despite Franco-British pressure to win Turkey to their side at the time, the latter remained aloof.

Germany's occupation of Austria in March 1938 and of Czechoslovakia in March 1939, followed by Italy's annexation of Albania a month later, however, not only forced Turkey to abandon its policy of isolation but drew it close to England and France. For it was to the interest of these countries and of Turkey alike to maintain the *status quo* in the Mediterranean and in southeastern Europe, which Germany and Italy were upsetting. Moreover, the Turks feared the application to them of Germany's policy of following up its economic penetration by political domination.

The first sign of change in the Turkish tradition of avoiding economic and political commitments with European powers came soon after Germany's annexation of Austria. Turkey decided then that it should lessen its economic dependence on Germany, even at the cost of committing itself elsewhere. Turning to Great Britain, it found that country only too willing to cooperate in striking at German economic hegemony in the Balkans. The traditional post-war Turkish policy of tabooing loans from foreign countries was discarded; and on May 27. 1938. 2½ months after Germany had marched into Austria. Turkey signed a credit agreement of 16 million pounds sterling (about $80,000,000) with Great Britain. Six million pounds of this credit were for the purchase of British armaments, to be repaid in 20 yearly installments. The balance was for the purchase of goods manufactured in the United Kingdom, other than implements of war. Under this latter part of the agreement, Turkish orders were to be placed with British manufacturers up to a total of 10 million pounds sterling before December 31, 1940. (By the end of 1939 the credit had been entirely allocated). Prompt payments to the manufacturers were guaranteed by the British Export Credits Guarantee Department. As soon as payments became due. the latter guaranteed Treasury bills of the Turkish Government to the amount required. These bills carry interest at 5½ percent per annum. From the proceeds of their sale, sums equivalent to the face value of the guaranteed bills were paid into a special account at the Ottoman Bank at London and used only to pay British manufacturers for goods exported to Turkey.

Another feature of the agreement was the establishment in London of a company known as the Anglo-Turkish Commodities, Limited, exclusively for the sale of Turkish products in the British Empire and some other countries. The Turkish Government guaranteed that enough such products would be supplied to enable the proceeds of their sale to meet the financial requirements of the agreement.

At about the same time this loan was made by Great Britain. France also showed friendly intentions toward Turkey by entering into negotiations for the return of the district of Alexandretta. The status of this territory. which was taken from Turkey by the French in 1921. had caused some friction between the two countries. With its official return to Turkey in June 1939. however, friendly political and economic relations were resumed.

Of course, the change in Turkey's policy and its acceptance of the British loan did not please Germany. In October 1938. immediately after the signing of the Munich Pact, the German Minister of Economics toured the Balkans and promised Turkey that. "as a matter of principle." Germany would grant it a goods credit. It was not until January 16, 1939. that the credit agreement was concluded in Berlin between the Turkish Ambassador and a representative of the German Government. Although ratified by the Turkish Grand National Assembly, the agreement was not to become effective until after an official exchange of notes between the two Governments. The credit was for 150 million reichsmarks ($60,000,000 at the official rate of exchange) payable in 10 yearly installments bearing 5 percent interest. It was made available solely to pay for orders of German manufactured products to be placed by December 31, 1941. As security for the loans, the Turkish Government was to issue Treasury bonds redeemable semiannually by way of the German-Turkish clearing agreement.

The increased German prestige in the Balkans after the Munich Pact was concluded was not reassuring to Turkey. The latter therefore delayed putting into operation the credit agreement, awaiting further events. Not only did the German occupation of Prague in March 1939 kill any thought of credit agreement with Germany, but it, together with Italy's annexation of Albania a month later, swayed Turkey definitely to the side of Great Britain and France in the field of politics. On May 12, 1939, less than 2 months after German troops had marched into Czechoslovakia, the Turkish Prime Minister told Parliament that, whereas up to that time neutrality had served Turkey's peace policy, recent events in the Balkans and the Mediterranean Basin had endangered its security and made it impossible to remain neutral any longer. He then asked and obtained support for an Anglo-Turkish declaration of mutual assistance. The resulting 15-year Tripartite Treaty of Mutual Assistance against aggression by a European power in the Mediterranean and the Balkans was signed at Ankara on October 19, 1939, between representatives of Turkey, France, and Great Britain and put immediately into operation. Since then it has been supplemented by economic agreements between the three countries of far-reaching importance. See page 266.

FOREIGN ECONOMIC POLICY SINCE SEPTEMBER 1939

Three significant economic developments have taken place in Turkey as a result of present hostilities: (1) complete Government control of Turkish foreign commerce; (2) drastic decline in Turkish-German trade; and (3) increased economic cooperation between Great Britain, France, and Turkey.

Government control of foreign commerce. At the outbreak of the present conflict Turkey, like many European countries, fearing a shortage of foodstuffs, applied drastic export restrictions. By a decree of September 4, 1939, which became effective upon its publication in the official gazette of September 8, 1939, the Government prohibited the exportation of many agricultural products and restricted that of others.

Agricultural products the exportation of which was prohibited were wheat, rye, buckwheat, barley, oats, corn, millet, rice, cracked wheat, peas, chickpeas, beans, lentils, vetches, potatoes, tea, coffee, cocoa, livestock, meats, live and dressed poultry, all kinds of cheese, cottonseed, onions, garlic, bran, hay, all kinds of edible and inedible fats and oils, goat's hair, hemp, hemp products, linseed, all kinds of raw or half-finished hides of cattle, buffaloes, and calves, wool, flour, and rubber. Farm products subject to an export license were mohair, skins of small domestic animals, sesame, broadbeans, casings, eggs, cotton, soybeans, beeswax, and olives.

This embargo list was so comprehensive that there is some doubt as to whether the restrictions were entirely designed to assure Turkish supplies of essential foodstuffs, especially since the list included many export products of which only a small portion is normally consumed within the country. It seems likely that the general prohibitions were established to enable the Government to restrict exports to certain countries for economic or political reasons. In any event, the restrictions were gradually relaxed. At the end of November 1939 the Government permitted free exportation of many of the products formerly prohibited and all except cotton of those formerly subject to export license, to the following countries:

(a) Countries with which Turkish commercial exchanges are paid in free exchange (including the United States).

(b) Countries which have clearing or similar agreements with Turkey, allowing it a margin of 20 percent or more in free exchange.

(c) Countries which have no clearing or similar agreements with Turkey and whose commercial exchanges with it are effected on a general compensation basis, *i.e.*, interchangeable compensation.

For countries that have clearing or similar agreements with Turkey but allow a margin in free exchange of less than 20 percent, licenses for the exportation of these goods are necessary. A decree of December 19, 1939, further relaxed the check on exports and permitted the free exportation of the following products, which had been prohibited, to the first three groups of countries mentioned above: Wheat, barley, rye, cereal mixtures, and all livestock except male buffaloes and bulls over 3 years old.

These export restrictions, coupled with the war conditions in Europe, have caused a substantial decline in Turkey's export trade during the 4-month period September-December 1939. See table 10. The further changes in export restrictions will depend on whether the country becomes involved in the present conflict and on the size of the 1940 crops.

An important change in the country's foreign-trade policy since the beginning of the present war has been the shift away from clearing to compensation agreements, involving the payment of an exchange premium on exports and the collection of an exchange premium on imports, the latter being generally somewhat higher than the export premium. Compensation agreements formed a part of Turkey's trade agreements with several countries prior to the present war. These agreements, which aim at increasing the local purchasing value of foreign currency and lowering the export price of Turkish products, have become more popular with the Government in recent months. Trade with Great Britain and France has been placed entirely on a compensation basis (see page 267), and negotiations to this end are under way with a number of other European countries. Trade with the United States was placed on a private compensation basis in December 1939 (see page 269).

It is obvious that the granting of an exchange premium on foreign currency under these compensation agreements has much the same effect as a devaluation of the Turkish currency. For internal political reasons, however, the Turkish Government apparently does not care at present to resort to outright devaluation.

Statements made by the Turkish Minister of Commerce on January 8, 1940, indicate that henceforth the country's foreign-trade policy will be based on two fundamental principles: (1) that of clearing, in the case of countries not making payments in free exchange; and (2) that of compensation, involving the payment of exchange premiums, in the case of free-exchange countries. The Minister further stated that "the compensation premiums which we have been endeavoring to bring into line during the last two months will be rendered completely uniform in the course of 1940, and the same premium will be applied to all countries."[11] There is no doubt that an increase in exports would result from the greater use of compensation agreements and that trade transactions would be greatly facilitated by the application of uniform exchange premiums. At present, however, these vary from 25 to 70 percent, and great technical difficulties might be encountered in applying a uniform premium to all foreign currencies.

---

[11] [illegible] Reports, U. S. Department of Commerce, Mar. 9, 1940.

The National Defense Law of January 18, 1940, empowers the Government, in the event of mobilization or war, to operate a complete control over the national economy, including foreign trade. Imports of indispensable products may be regulated as to quantity and quality, while those of other commodities may be prohibited. Exports may be controlled so as to limit them to surplus products. The Government may purchase domestic and foreign products, build up stocks, or require importers to do so, to assure domestic needs. It is also authorized to make loans to importers and provide them with foreign exchange in order to facilitate imports of indispensable products. Import unions, subject to Government control, may be set up to regulate the importation of specified commodities.

Importers and exporters have already been asked by the Government to form unions according to commodities. It is the Government's intention to grant credit facilities to the unions for allocation among their members, rather than to individual importers. Any future control over foreign trade will be exercised by the Government, however, and not by the unions.

Decline in Turkish-German trade - For the past 2 or 3 years Turkey has tried, without success, to shake off the yoke of Germany's economic domination. It was not until the present war disrupted normal trade relations and transportation routes that Turkey, making the most of the new situation, was able to free itself from this domination. The outbreak of hostilities coincided with the expiration, on August 31, 1939, of the Turkish-German trade agreement, which regulated commerce between the two countries, and the Turks delayed renewing it. While this was mainly the reason for the sharp decline in the trade since the beginning of the war, shipping difficulties contributed to it. The Mediterranean Sea route, over which in normal times most of the trade was conducted, has been closed; the Danube until very recently was frozen over; and the only means of transportation available was by rail.

The satisfaction in Turkey at the opportunity presented by the war to reduce Germany's share of Turkey's foreign trade has been widespread. Writing in *Ankara*, the weekly edition of the semiofficial daily *Ulus*, the economic editor states:[12]

> It was not a normal situation for half of our foreign trade to depend on the whim of Germany. One should therefore rejoice that the present war has furnished an opportunity to lead our foreign trade back to normal channels. One may say that our foreign trade, which was under abnormal conditions, has just had a surgical operation and it is natural to expect certain reactions. However, we can rest assured that this will only be a passing stage of convalescence. Our trade relations with free markets will be strengthened and we will have the opportunity to sell our products at favorable prices as well as to obtain all goods we need at reasonable rates. But no matter what happens, Turkey, which has insured its political independence at the price of its blood, will not consent to any sacrifice with regard to its economic independence.

---

[12] Kuyucak Hazım Atif *op. cit.* [Free translation]

TABLE 10.--*Turkish exports of principal agricultural products to specified countries, September-December 1938 and 1939*

PRODUCTS	GERMANY		UNITED STATES		ITALY		UNITED KINGDOM		FRANCE	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	1,000 Turkish pounds	*1,000 Turkish pounds*	*1,000 Turkish pounds*	*1,000 Turkish pounds*	*1,000 Turkish pounds*	*1,900 Turkish pounds*	*1,000 Turkish pounds*	*1,000 Turkish pounds*	*1,000 Turkish pounds*	*1,000 Turkish pounds*
Tobacco, leaf	7,950	10,190	12,457	8,306	541	508	97	79	43	82
Filberts, shelled	5,729	(1)	204	147	0	(1)	43	1,340	444	625
Raisins	757	(1)	(2)	14	6	121	(1)	1,789	(1)	158
Cotton, raw	1,578	(1)	(1)	(1)	1,376	128	(1)	(1)	0	(1)
Wheat	1,526	(1)	(1)	(1)	0	(1)	0	(1)	(1)	(1)
Barley	2,628	(1)	0	(1)	119	(1)	57	(1)	0	(1)
Mohair	1,442	(1)	8	(1)	0	(1)	53	403	36	91
Wool	358	(1)	130	(1)	6	(1)	(2)	(1)	10	(1)
Figs, dried	2,652	(1)	214	209	8	28	576	636	262	197
Valonia	415	(1)	77	125	12	27	62	57	12	(1)
Olive oil	0	(1)	(1)	(1)	114	777	103	(1)	0	(1)
Opium	64	25	2	(1)	0	76	69	84	95	193
Bran	233	10	(1)	(1)	24	55	79	(1)	(1)	(1)
Licorice	7	(1)	2	3,566	(1)	(1)	5	(1)	2	79
Other exports	14,460	74	1,330	2,386	709	2,236	947	607	320	1,191
Total exports	39,799	10,299	14,424	14,753	2,915	3,956	2,096	4,995	1,724	2,616
Percentage total is of exports to all countries[3]	49.9	19.1	18.0	27.4	3.7	7.4	2.6	9.3	2.2	4.9

[1] If any, included in "others."

[2] Less than 500 Turkish pounds.

[3] Exports to all countries for the September-December 1938 period totaled 79,712,000 Turkish pounds ($63,770,000) and for the 1939 period 53,804,000 pounds ($40,890,000).

Compiled from *Statistique Mensuelle du Commerce Extérieur. Commerce Spécial.* Office Central de Statistique. République Turque Ankara. 1938 and 1939.

Discussing the same problem and pointing out the new trade policy in a radio address delivered on December 14, 1939, the Turkish Minister for Foreign Affairs stated:

> "There is still another truth which requires that, in order that a country may have an independent national policy, the greater part of its foreign trade must not be directed towards a single country. To however small an extent foreign trade becomes the monopoly of a single country, it is very difficult to pursue an independent national policy, even if this country should be an ally.
>
> "When national policy, the aim of which is independence, and national trade, the object of which is profit, can no longer go side by side, national trade must make a sacrifice. This sacrifice should not be considerable if we wish it to be easy and not to embarrass the country. The only method is to carry on foreign trade with the greatest possible number of countries and to see that it does not reach very high totals with any of them. That is why we shall try to obtain this result in the future in our commercial treaties."[13]

Turkish exports to Germany have declined considerably since the outbreak of the war. In the 4-month period September-December 1939, they amounted to 10.3 million Turkish pounds, representing 19.1 percent of all exports, compared with 39.8 million Turkish pounds and 50 percent in the same 4-month period of 1938. See table 10. In fact, if it had not been for tobacco, exports to Germany in the last 4 months of 1939 would have been negligible.

Turkish imports of German products have also declined, although not to the same extent as exports. Yet, the balance owed to Germany by Turkey under the clearing account has increased considerably, largely as a result of payments made for goods that had been imported on credit. The balance has risen from 1,776,500 Turkish pounds on September 2, 1940, to about 14,416,000 pounds on January 13, 1940.

Despite persistent pressure on the part of the German Ambassador at Ankara to induce the Turkish Government to enter into a new commercial agreement,[14] the latter was unwilling to enter into negotiations pending the conclusion with Great Britain and France of the commercial and financial agreements envisaged under the Tripartite Treaty of Mutual Assistance of October 19, 1939. After these were signed at Paris on January 8, 1940, trade discussions with Germany became more active.

After the closest consultation between Turkey and Great Britain and France on the subject of Turkish-German trade relations, a very limited provisional trade convention was signed on January 31, 1940. It authorizes Germany to buy a few specified agricultural products up to a total value of 5,050,000 Turkish pounds (about $4,000,000). This represents a negligible quantity when compared with total exports to Germany for 1938 and 1939, valued at 62,210,000 and 47,504,000 Turkish pounds, respectively. Under the new agreement, the 10 products to be exported to Germany in 1940 are as follows:

---

[13] American Embassy despatch from Ankara, Jan. 29, 1940.

[14] To attain this, a German propaganda campaign has been active in Turkey since the outbreak of the war. Turkish farmers were said to be suffering severely as a result of the loss of the German market. Trade with Germany was said to be indispensable to Turkey's economic welfare, while Great Britain and France could neither absorb the Turkish products previously shipped to Germany nor supply the industrial commodities furnished by that country.

	AVERAGE IMPORTS 1937-1938	MAXIMUM PERMITTED IN 1940
	1,000 Turkish pounds	*1.000 Turkish pounds*
Tobacco	15,715	2,600
Raisins	7.165	400
Dried figs and scrap .	1,755	150
Filberts	7,056	1.000
Cottonseed	0	100
Olive oil	196	300
Oil cake	162	100
Sesame	0	300
Pistachio nuts	0	100
Total exports	56,311	5.050

The agreement places the shipping burden in the Turkish-German trade solely on Germany. Turkish products to be delivered f.o.b. and German commodities c.i.f. It is understood that Germany is endeavoring to obtain assurances for a larger amount of goods, so far to no avail.

Turkish Allied politico-economic rapprochement On October 19, 1939, when the Tripartite Treaty of Mutual Assistance was signed at Ankara between representatives of Turkey, Great Britain, and France, a special agreement, considered an integral part of the treaty, was entered into, specifying the economic and financial assistance to be extended to Turkey by the two countries. This assistance consisted of a total loan of 43.5 million pounds sterling (about $174,000,000) as follows: (1) 25 million pounds for the purchase of armaments from Great Britain and France: (2) 15 million pounds in gold; and (3) 3.5 million pounds to liquidate the arrears in the clearing accounts of those two countries with Turkey.

The agreements specifying the terms of these loans were signed at Paris on January 8, 1940. The 25-million-pound loan for purchases of war materials will bear interest at the rate of 4 percent and the other loans at the rate of 3 percent. They are to be repaid in 20 years, in 40 half-yearly installments. Both interest and amortization payments will be made in Turkish pounds to be used for the purchase of Turkish products, including, in particular, tobacco. The British and French Governments have also undertaken to purchase every year, for the duration of the war, Turkish dried fruits and filberts valued at 2 million pounds sterling. One-third of these purchases will be for the account of France and the balance for that of the United Kingdom.[15] The Turkish pounds received by Great Britain and France for the service of the 25-million-pound loan will be used exclusively for these purchases. The two Governments, as well as the Turkish Government, however, reserve the right to cancel the dried-fruit purchase agreement in March 1943, if the war is still continuing at that date.

The greater part of the war implements paid for by the 25-million-pound loan has already arrived in Turkey. Moreover, by the end of January 1940, 55 tons of gold were delivered to the Central Bank of Turkey, which is holding it as a reserve in case of emergency. The 3.5-million-pound loan (2 million pounds sterling and 265 million francs) is to be used to settle amounts due British and French exporters under the clearing agreements with Turkey, with any balance to be left at the free disposal of the Turkish Government. In order to prevent the accumulation of exchange arrears and in accord with Turkey's new foreign economic policy, trade between Turkey and France and Turkey and Great Britain has been placed under the compensation system.

---

[15] There is apparently some apprehension in Great Britain regarding the utilization of the dried fruits involved in the agreement, especially the raisins. The market is said to be glutted, and consideration is being given to the possibility of diverting some low grade raisins for livestock feeding.

In considering these loans it is interesting to note that they will not involve any exchange-transfer problem for the Turkish Government. Interest and amortization payments are to be deposited in Turkish pounds in the Central Bank of Turkey to the credit of the British and French Governments. This deposit fully discharges the Turkish Government's obligations. Furthermore, and here is where the real assistance comes in, the Turkish pounds so deposited may be used by France and Great Britain only for the purchase of Turkish products to be consumed within those two countries. The guaranty obtained by the Turkish Government that these products should be consumed within the two countries was to forestall their resale on world markets and thus to keep the latter open for more direct exports.

Allied purchases of Turkish goods will greatly assist the Turkish economy to adjust itself to the loss of the German market, since the products involved are those previously exported to Germany in large quantities. It is estimated that the total yearly payments to be made by the Turkish Government on interest and principal will approximate 16 million Turkish pounds. Ten million of these will be used by France and Great Britain to purchase raisins, figs, and filberts, and the balance to buy Turkish tobacco. The value of German purchases of these products in the 3-year period 1936-1938 averaged 29 million pounds, of which 13 million were for tobacco and 16 million for figs, raisins, and filberts. In the preceding 5-year period the average value of German purchases of these four products was 13.6 million pounds, with 5 million for tobacco and 8.6 million for the other three products. Anglo-French purchases of these four products under the loan agreements will therefore account for over 58 percent of the average yearly exports of these products to Germany in 1936-1938. Compared with the earlier period, they will easily offset the loss of the German market.

Compared with Franco-British purchases in recent years, these contemplated purchases represent a very substantial increase. In 1936-1938 Great Britain and France together took an average of 660,000 Turkish pounds' worth of tobacco and 3,503,000 Turkish pounds of figs, filberts, and raisins, or a total of 4,163,000 Turkish pounds annually, compared with yearly purchases of 16 million planned under the agreements.

In 1936-1938 Great Britain and France together took a yearly average of 22 million pounds of Turkish raisins and 15 million pounds of dried figs. Under the new agreement the two countries obligate themselves to buy about 68 million pounds of raisins a year and 50 million pounds of figs, or more than three times the previous takings. Anglo-French imports of dried fruits from the United States during the 1936-1938 period, on the other hand, amounted to 64 million pounds of raisins, 81 million pounds of prunes, and 17.5 million pounds of dried apricots and apples. Because of the desire of the two countries to save their dollar exchange for armament purchases in the United States and to limit their takings of agricultural products to countries accepting sterling or francs, the planned increase in imports of Turkish raisins and figs will undoubtedly displace a certain portion of American dried fruits in those two markets.

As it now stands, the agreement applies only until March 1943, with the proviso that, if the war still continues at that date, the three Governments will have the right to cancel it. The result of this agreement is that until 1943, whether the war continues or not, American exports of dried fruit to England and France will be very limited, if not altogether stopped. If, however, at the end of the war Turkey's policy continues to avoid relying heavily on the German market, dried-fruit exports from the United States may replace the Turkish product on that market and make up for partial losses of the Franco-British outlets.

As soon as the tobacco arrangement was made public in Great Britain, there was much speculation as to its effect on the industry and on consumers. The question was ably discussed from the British standpoint in editorials in the *Manchester Guardian* of January 19 and 20, 1940. Writing on the introduction of Virginia tobacco and its success in the United Kingdom, the editor states that taste should now be slightly sacrificed for political reasons. He writes in part:

> "The cigarette of any sort was rare in this country till half-way through Victoria's reign, and when it was smoked it was Levantine. When Ouida's guardsman condescended to anything less than a cigar or Seton Merriman's diplomat tapped a cigarette on his gold case while speculating on trouble in the Balkans, it was from the fields of Turkey, Greece, or Bulgaria that his consolation came. Thackeray might, as a famous brand still reminds us on its packets, praise the virtues of Virginian tobacco but its conquest of the cigarette smoker was reserved for the latter half of the nineteenth century. When it came, however, its conquest was complete, and the British taste would not easily be changed in normal times. The fact, however, that with each slightly unfamiliar puff will go more aid to an ally, some contribution to blocking the enemy's Balkan trade, and some help in conserving American dollars to meet the cost of vital munitions should reconcile the most exacting palate to a moderate change of flavour.
>
> "Tobacco manufacturers are not enthusiastic over the prospect of making cigarettes from a blend of Virginian and Turkish tobaccos, but, as one of them told me today, they cannot help themselves. In any event, he said, it will be some little time before such a blend is marketed, and when it does come it will be of such a character that the admixture of a percentage of Turkish tobacco will not be very noticeable."

In reply to a question in the House of Commons on January 16, regarding British purchases of Turkish tobacco and the prohibition of imports of American tobacco, the Parliamentary Secretary to the Board of Trade stated that "the need for concentrating the available dollar resources of this country on the purchase of commodities essential to the prosecution of the war made it necessary to stop purchases of tobacco in the United States shortly after the outbreak of war. As indicated by the Prime Minister on the 16th of January, arrangements have been made for the purchase of a substantial quantity of Turkish tobacco by His Majesty's Government. I am happy to say that the tobacco manufacturing companies have intimated that they are prepared to co-operate with His Majesty's Government in finding a suitable use for the tobacco in this country. The arrangements involve the despatch of a purchasing million, which will leave for Turkey very shortly."[16]

Confirming this last statement, press despatches from Istanbul intimated that on February 14 British representatives had concluded a contract for the yearly purchase of $4,000,000 worth of Turkish tobacco, or about 15 million pounds, with the possibility of a further substantial increase.

In 1936-1938 Great Britain and France together took a yearly average of 1.6 million pounds of Turkish tobacco. Total purchases planned under the new agreement, however, are for a quantity approximating 20 million pounds a year for the next 20 years, or more than 12 times their takings in 1936-1938. During the same 3-year period the two countries imported a yearly average of about 250 million pounds of tobacco from the United States. In other words, the quantities of Turkish tobacco to be used by France and Great Britain under the new agreement will amount to about 8 percent of their past consumption of American tobacco. It appears reasonably certain that the 20 million pounds of Turkish leaf will replace nearly an equal quantity of United States leaf, and its use over an extended period may result in an even greater displacement. It is expected that the Turkish tobacco will be mixed with flue-cured leaf in the production of popular British cigarettes, a practice that has never existed. Experience in other countries shows that, where new types of products have been introduced and maintained, smokers have learned to prefer the new product. If this should be the case with the flue-cured and Turkish-blended cigarette in the United Kingdom, it might result in the utilization of more than the 20 million pounds of Turkish leaf covered in the agreement.

TURKISH-AMERICAN TRADE RELATIONS

In a radio address on December 2, 1939, the Turkish Minister of Commerce stated that henceforth trade between Turkey and the United States would be placed on a private compensation basis. According to the Minister's statement, the action was taken to offset the relatively high prices of Turkish products that had developed under Turkey's system of clearing agreements and that were said to be responsible for the accumulation of exchange arrears due American exporters totaling about $6,500,000.

The Turkish Government is of the opinion that the payment of a compensation premium on Turkish products shipped to the United States will result in a marked increase in the exports of such goods. In effect, the new measure increases the buying rate of the American dollar from 1.30 Turkish pounds (the official rate paid by the Central Bank of Turkey) to 1.625. The difference of 0.325 Turkish pound represents the additional premium, to be supplied by the recently established compensation company known as Takas Limited Sirketi. Similarly, an additional charge will be made on sales of dollar exchange to cover imports from the United States. While the new measure has been described as the application of the compensation system to trade with the United States, it does not as yet require that particular export and import transactions offset each other. In other words, the principal change has been in the exchange rates.

---

[16] American Embassy despatch from London, Jan. 22, 1940.

Early in January 1940, the Turkish authorities issued instructions regarding the compensation premium to be paid on exchange allotted against imports from the United States. The premium was set as follows:

PERIOD OF IMPORTATION	AMOUNT OF COMPENSATION PREMIUM PER $1.00
	Turkish pounds
Prior to December 4, 1939	None
Between December 4, 1939, and January 2, 1940	0.375
After January 2, 1940	0.50

In 1939 Turkey's imports of United States products (mainly industrial commodities) amounted to 11,686,000 Turkish pounds compared with 15,680,000 in 1938. Turkish exports to the United States during the 2 years were 18,212,000 and 17,769,000 Turkish pounds, respectively. The increase in exports in 1939 is more apparent than real, since it is represented by tobacco bought the previous year and held for processing in American plants in Turkey. Because of unsettled European conditions, American buyers shipped their tobacco to the United States earlier than usual in 1939, so that many shipments appear as 1939 exports that would under normal conditions be carried over into the early months of 1940. Unusually heavy purchases of licorice also contributed to this increase.

As a result of the abnormal international situation and unsatisfactory exchange position, it is not easy to evaluate the effects of the American-Turkish trade agreement signed on April 1, 1939. Because of the lack of free exchange and the exchange premiums paid by importers, there was little if any drop in retail prices of American products on the Turkish market, even where duty reductions had been granted. More important than the duty concessions granted the United States was the obligation assumed by the Turkish Government to make available free exchange equivalent to 10.0 percent of total Turkish imports to pay for imports from the United States. In actual practice, however, the amount of foreign exchange that the Turkish Government can make available for imports from the United States depends on the quantity of foreign exchange obtained as a result of exports to the United States.

In spite of the efforts of the Turkish Government to stimulate exports to the United States through the granting of an exchange premium on the dollar, any substantial increase over the trade of the past few years is not probable. Even with the new premium, which in effect reduces the cost of Turkish products to American importers by 25 percent, the price of Turkish tobacco (which represents, on an average, 80 percent of the value of United States imports from Turkey) is still higher than that of the Greek or Bulgarian product. For other products, such as mohair, the 25-percent reduction is still not enough to bring prices down to figures that would be attractive to American buyers. While the new premium may result in some increase in exports of wool, figs, filberts, and casings to the United States, this increase is not expected to be large.

SUMMARY AND CONCLUSION

Despite the efforts of its leaders in recent years to hasten the country's industrialization, Turkey remains predominantly an agricultural country. Over 80 percent of the gainfully employed are engaged in farming, and agricultural products account for about 90 percent of the total value of the country's exports.

Since the establishment of the Republic in 1923, great advancement has been achieved, both in the technique and in the volume of agricultural production. Except for a few specialty products, the country is now agriculturally self-sufficient. The Government has steadily assisted farmers through long-time credit, development of agricultural cooperatives, and free distribution of quality seed and new plant varieties.

The foreign economic policy of Turkey has been based mainly on its political relations with other countries. With the abolition of the capitulations in 1923, Turkey embarked on a nationalistic policy, shunning all foreign entanglements. This policy, however, has had to be modified in recent years, especially when political developments in the Balkans and the Mediterranean Basin endangered the country's economic independence.

Turkey did not realize that, in adopting the system of clearing agreements in its trade relations with other countries, it would further German economic and political expansion in the Balkans and the Near East. Nevertheless, before the outbreak of the present war, Turkey had tried unsuccessfully to resist German economic domination. The opportunity offered by this conflict to reduce its trade with Germany was seized upon. At the same time, Turkey turned toward Great Britain and France. By a series of loans granted in accordance with the Tripartite Treaty of Mutual Assistance, France and Great Britain have been able partially to replace Germany in the Turkish economy. The 43.5 million pounds sterling advanced to Turkey represents to France and Great Britain less than the cost of the war for a 7-day period and is not considered a high price for swinging this strategically located state to their side. Even if the Turkish tobacco, filberts, dried figs, and raisins, with which the loans will be repaid, could not be consumed, most Britishers believe the result worth the cost.

It is doubtful whether the economic tie-up between the Allies and Turkey will hold after the war is over, especially since the Turks do not want to be caught again with most of their trade monopolized by one or two countries. The British and French Governments will probably feel, on the other hand, that such an inexpensive economic agreement is too valuable a political instrument in offsetting any future penetration by other powers in this key state of the Balkans and the Near East to be relinquished lightly.

There is no doubt that as long as this Turkish-French-British economic agreement is in operation, exports of American dried fruits to Great Britain and France will be very limited. The outlook for tobacco indicates that Turkish leaf can replace only something over 3 percent of the American product. In point of value, however, this will mean a loss to American tobacco growers comparable to the loss to fruit producers. Partial resumption of normal American exports of both tobacco and dried fruits may follow the cessation of hostilities, for the opening of the German market, on which Turkey will not want to concentrate as in the past, may help offset any loss of the Franco-British outlets.

Owing to its inability to obtain industrial products previously shipped by Germany, especially because of the export restrictions placed on such products in most European countries, it is possible that Turkey may increase its imports of American manufactured products. Since the United States is its chief source of foreign exchange, however, Turkey cannot increase its imports of American products unless it further enlarges its exports of tobacco and other Turkish agricultural specialties to the United States. It is also doubtful whether the recent decision of the Turkish Government to pay a compensation premium in order to reduce the cost of Turkish products exported to the United States will result in a marked increase in the exports of such products.

§